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The Sino-North Korean Border Economy: Money and Power Relations in North Korea

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Abstract

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In my article, I examine the use of foreign currency in the Democratic People's Republic of Korea (DPRK) border economy since the 1980s. I focus not on the US dollar so beloved of elites in Pyongyang but on the steady uptake of Chinese renminbi by nonelites, a phenomenon that emerged first from the economy of the border region that the DPRK shares with China. Relying on testimony from structured interviews conducted in 2014 with former DPRK citizens now based in the Republic of Korea, I position the expansion of foreign currency usage within the history of contemporary DPRK marketization, specifically linking that expansion to economic shocks felt in 1992, 2002, and 2009. I conclude by discussing the threats and opportunities presented by the rising tide of foreign currency possession and use.

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IN LATE 2011, THE PRICE OF RICE WAS TRENDING UPWARD IN PUBLIC markets in the DPRK. Denominated in the domestic currency, Korean people's won (KPW), the price crossed the 5,000 KPW/kilogram mark in the border city of Hyesan, Ryanggang province, shortly before the death of Kim Jong-il on December 17 that year. Joo Seong-ha, a former resident of Pyongyang and reporter for the South Korean daily newspaper *Donga Ilbo*, signaled his concern. Joo wrote on December 3 of a "flashing light on the dashboard of North Korea." He estimated rice price inflation at 15,000 percent and wondered aloud whether a large number of preventable deaths might follow (Joo 2011).

Yet only one subsequent report suggested that any such deaths did occur, in spite of the fact that rice denominated in KPW appeared to be out of reach of ordinary citizens. Moreover, upon

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