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## Feeding the Dictator or Making a Difference? The Experiences of International Aid and Development Agencies in North Korea 1995 -2005\*

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*Since 2005 food aid to North Korea has been in steep decline, however, during the period 1995 to 2005 North Korea received more food aid from the UN World Food Programme (WFP) and US government than any other country. Similarly, private relief aid to North Korea significantly increased, with approximately 130 organisations worldwide providing over US\$2 billion in aid between 1995 and 2005. This article revisits this period marked by the most extensive engagement of humanitarian organisations since the establishment of the Democratic People's Republic of Korea (DPRK) in 1948. In the context of this dependence on foreign aid the article examines the impact of International Aid Agencies or International Nongovernment Organisations' (INGOs) operations, not only in humanitarian terms but with regards to political, social and economic development. We argue that due to tight operating restrictions there was no discernable impact on North Korean society or the polity. However, it is argued that longer term and unanticipated effects are likely due to the extensive diversion of aid to the emerging informal market economy. The study is based on the findings of 10*

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\* All views expressed by respondents are entirely their own and are not necessarily the official position of the organisation(s) with which they are affiliated. Interviewee names have not been used. We would like to acknowledge Professor John Casey for his valuable input on the draft of this paper.

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*semi-structured telephone interviews with relevant INGO personnel; analysis of INGO documents and other economic and social data.*

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### **Introduction**

Until the drastic reduction in the flow of international aid from 2005 due to sanctions and donor fatigue in response to North Korea's failure to cease developing and testing nuclear weapons and, more recently, the North's own decision to refuse international aid, International Non-Governmental Organisations (INGOs) conducted significant operations in the Democratic People's Republic of Korea (DPRK). The DPRK solicited assistance from the international community in 1995, after a major flood and subsequent chronic food shortage. Over the next ten years the country became increasingly dependent on international assistance. By 2005 North Korea received more food aid from the UN World Food Programme (WFP) and US government than any other country. Similarly, private relief aid to North Korea significantly increased, with approximately 130 organisations worldwide providing over US\$2 billion in aid between 1995 and 2005. Given this dependence on foreign aid by one of the world's most isolated, repressive and potentially dangerous regimes and the recent withdrawal of many aid agencies, it is timely to examine the impact of INGO operations, not only in humanitarian terms but with regards to political, social and economic development.

After briefly reviewing some of the theories associated with both INGOs and democratisation and the relationship between the spread of capitalism and democratisation we then address the following questions: What, if any, are the outcomes of such a large scale humanitarian intervention by some of the world's major aid and development agencies? Did the activities of international aid organisations participating directly or indirectly in the provision of humanitarian aid, assistance or development in the DPRK have any discernable or durable impact on North Korean society, politics or economy?

The article is informed by a review of the existing literature and the findings of 10 semi-structured telephone interviews conducted in 2005 with relevant INGO personnel, and analysis of INGO documents and other economic and social data.

### **Theories about the Role of INGOs in Fostering Regime Change**

An INGO is defined as an organization that “makes significant operating expenditures across national borders” as it provides services or programs in a foreign or “host” country from its base in a donor nation (Anheier and Themudo 2005). Interpretations of the effects of INGOs, particularly with regards to contributing to regime transition, can be broken down into three interrelated areas: political, social and economic.

Politically various scholars acknowledge that international organisations can be important, if not central players, in regime change. Democratisation theorists, for example, argue that through denouncing the repression of domestic groups, international groups may force the regime to consider some of the costs such repression may have for the country’s international reputation while giving these groups a sense that they are not isolated completely (O’Donnell and Schmitter 1986). Some consider western economic aid agencies and religious organisations such as the Catholic church acted as catalysts of democratisation in Latin America and post-communist Europe (Weigel 2003). Others focus on human rights INGOs and how they can establish and spread international human rights norms which can then trigger fundamental political changes leading to the demise of communism (Hyde-Price 1994, 2000; Karl 1990; Pridham 2001). In South Korea, organisations such as Amnesty International and Asia Watch generated international sympathy for the pro-democracy movement through their documentation and publicising of the authoritarian regime’s violation of human rights (Amnesty International 1986). Similarly, in South Africa, INGOs are credited as playing a prominent role in building widespread international intolerance of apartheid and eventually shaming the South African government into officially repealing apartheid laws and drafting a new constitution (Hyde-Price 1994). It is also argued INGOs can be a source of information and access to the outside world thus challenging regime interpretations of other countries. They refer to how “transnational advocacy networks” and “multiple channels of access to the

international system” open up and uncover information which sustain multiple abuses of power (Keck and Sikkink 1998: 1).

Others point to how “non-government” can be a misnomer, as INGOs can be used to further the interests of governments that seek regime change, particularly the world’s largest donor government - the United States. Sreeram Chaulia for example argues that INGOs can act as vehicles through which superpower foreign policy interests can initiate and shape regime transitions. Citing the recent revolutions in the Ukraine, Georgia and Kyrgyzstan, Chaulia argues that they are not authentic democratic uprisings supported by local NGOs but were largely brought into being by organisations substantially backed and led by the US. He refers to several international agencies such as Freedom House as having a history of being headed and staffed by ex-CIA high-level planners and personnel and argued that these personnel were instrumental in defining these agencies’ role in shaping the course of regime change (Chaulia 2005). In this regard it is interesting to hear from one of our interviewees who works for the French aid agency Action Contre La Faim which suggests the North Korean government shares such scepticism. He said that “the North Koreans do not believe that a genuine ‘nongovernment’ aid organisation exists. They are relatively comfortable dealing mostly with WFP but see it this as an arm of the US government” (pers. comm. 7 August 2005).

In North Korea we argue that the primary economic impact of INGOs was a by-product of the diversion of large volumes of aid to an emerging network of informal markets. If this diversion of aid can be considered to support the spread of capitalism then research on the impact of INGOs in North Korea may add new light to long standing debates about whether the spread of capitalism can introduce institutional forces that can contribute to democratisation.

This is a big question and is a subject of intense scholarly and policy interest for more than half a century. Scholars such as Seymour Martin Lipset (1959; 1994), Samuel Huntington (1968) and Larry Diamond, Juan J. Linz and Lipset (1990) have explored whether economic liberalisation and the spread of capitalism creates conditions conducive to the activation of civil society and/or a withering away of an authoritarian regime. Economic reforms are expected to make a society more pluralistic and stimulate the people to increase their awareness of civil rights and consciousness of their legitimate demands. As people become less tolerant of repressive regimes, the regime is pressured to foster liberalised changes and tolerate some demands of civil society.

Thus, as Lipset famously argued, “the more well-to-do a nation, the greater the chances that it will sustain democracy” (1959: 91)

Critics of this so-called Modernization theory argue that it is too linear and too optimistic. However, a closer reading of the authors cited above also shows that they appreciate the complexities in the relationship between economic systems and regime type. They acknowledge also that economic development can unleash profound social changes that are as damaging as they are progressive. For example, societies in the throes of dramatic social transformation tend to be unstable and even violent. Moreover, positive outcomes are likely to emerge only when there are healthy political institutions capable of channelling and responding to such changes – and building such institutions is an extremely difficult and time-consuming task (Lipset 1954, 1994; Diamond et al. 1990; Dahl 1971). (North Korea has nothing remotely resembling the institutional guarantees required for a modern democracy described by political scientist Robert Dahl.<sup>1</sup>)

Some scholars emphasise how capitalist development can be an important intervening variable because it changes the balance of class forces in society. Capitalism is associated with democracy because it transforms the class structure, enlarging the working and middle classes, facilitating their self-organization, and thus making it more difficult for elites to exclude them (Rueschemeyer, Stephens, and Stephens 1992) Carles Boix, Daron Acemoglu, and James Robinson (2003) argue that it can shape the forms of economic inequality and stratification that influence a country’s regime type.

The empirical evidence is mixed. Studies on the so-called third wave of democratising countries in the 1980s and 1990s found that transitions seemed to either follow impressive periods of economic development or correlate with a shift to a free-market economy (O’Donnell and Schmitter 1986). Conversely, recent experiments with the market in China and Vietnam suggest that the introduction of market relations does not necessarily produce widespread civil society activation or regime change. Indeed some argue that the Chinese

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<sup>1</sup> Robert Dahl set forth a list of institutional guarantees required for a modern democracy, which consists of the following eight items: freedom to form and join organizations, freedom of expression, right to vote, eligibility for public office, right of political leaders to compete for support and for votes, alternative sources of information, free and fair elections, and institutions for making government policies depend on votes and other expressions of preference (Dahl 1971: 3).

Communist Party has been able to use capitalism to strengthen its hold on power (Mann 2007).

Nevertheless, the spread of capitalism in these countries continues to have a major impact on the state and status of society particularly in terms of making society more complex and difficult to control from a centralised authority (Halpern 1989; Pierre 2000). In China, for example, the party has retreated in many ways and growing numbers of people have more personal freedom than ever before.

These arguments and theories are part of a much larger debate and beyond the scope of this article. Nevertheless they are worth keeping in mind as we now hear from some of those involved in delivering aid to North Korea and then look at how aid flowed through the North Korean economy.

### **The North Korean Famine and INGO Operations**

The cumulative and interrelated effects of the sudden demise of Soviet aid, the collapse of the socialist bloc, structural problems of the command economy, and the droughts and floods of the 1990s resulted in the North Korean economy contracting by about 30% in the period 1991-1996.

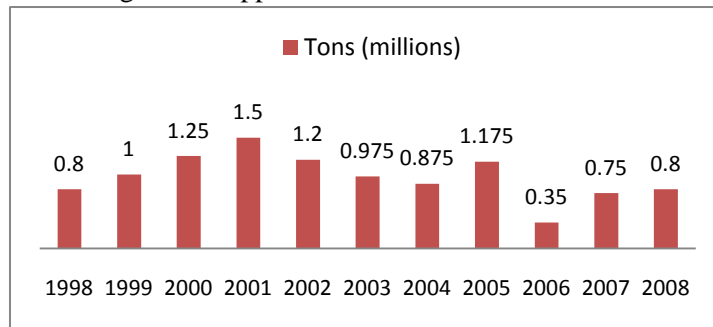
Economic decline coincided with a widespread and devastating famine. Food shortages have been relatively common in North Korea's modern history, but it was not until a major flood in 1995 that the DPRK acknowledged a widespread food crisis. Since that time, it is estimated that between 600,000 and one million people have died from famine-related causes (Goodkind and West 2001). Evidence suggests that children were the most deeply affected section of the population. According to a joint Food and Agriculture (FOA) and World Food Programme (WFP) 2002 report, North Korea had one of the highest rates of acute malnutrition in the world with 42% of children found to be chronically malnourished and stunted (FAO and WFP 2002).

In response to the chronic food shortages and severe flooding, in 1995 the DPRK solicited assistance from the international community. Since that time the country has become increasingly dependent on this assistance. By 2001, the DPRK received more food aid from the UN WFP and US government than any other country. Reporting on US aid contributions (which totalled \$1.1 billion by 2004) for the US Congress, analyst in the Congressional Research Service, Mark Manyin notes that

about 60% of US-sourced assistance took the form of food aid, and about 40% the form of energy assistance channelled through the Korean Peninsula Energy Development Organization (KEDO) (Manyin 2005). Similarly, private relief aid to the DPRK steadily and significantly increased. Between 1995 and 2000, total international aid provided to the country amounted to US\$1.66 billion (Flake and Snyder 2003).

An examination of the figures for the total amounts of humanitarian assistance for the period 1998-2008, shows that assistance to North Korea peaked in 2001 and totalled over \$2.43 billion, not including informal aid and aid from China.

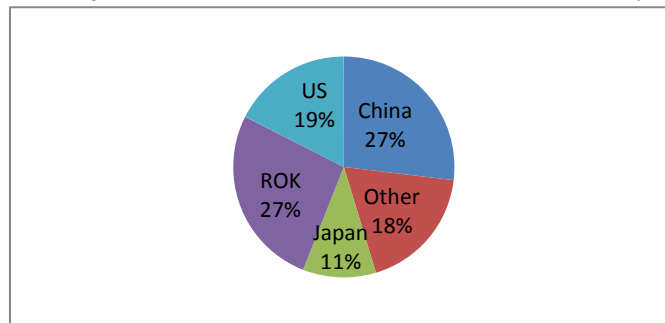
Figure 1: Supplies of Food Aid to North Korea



Source: Interfais, May 20, 2009; 2008 figures from Interfais, 8/6/09. Cited in Manyin and Nikitin (2009: 12).

Figure 2 shows that China, South Korea and United States were the major providers of aid over the period 1995 to 2008.

Figure 2: Major Food Donors to North Korea, 1995-2008 by Volume



Source: Interfais, May 20, 2009.cited in Manyin and Nikitin (2009: 13)

Table 1 shows that formal assistance to North Korea from the U.S. alone reached over \$1 billion, with over 90% of U.S. food assistance to Pyongyang channelled through the UN World Food Program (WFP) (Manyin 2004).

Table 1: US Assistance to North Korea, 1995-2004

Calendar or Fiscal Year	Food Aid (per FY)		KEDO Assistance (per calendar yr; \$ million)	Medical Supplies (per FY; \$ million)	Total (\$ million)
	Metric Tons	Commodity Value (\$ million)			
1995	0	\$0.0	\$9.5	\$0.2	\$9.7
1996	19,500	\$8.3	\$22.0	\$0.0	\$30.3
1997	177,000	\$52.4	\$25.0	\$5.0	\$82.4
1998	200,000	\$72.9	\$50.0	\$0.0	\$122.9
1999	695,194	\$222.1	\$65.1	\$0.0	\$287.2
2000	265,000	\$74.3	\$64.4	\$0.0	\$138.7
2001	350,000	\$102.8	\$74.9	\$0.0	\$177.6
2002	207,000	\$82.4	\$90.5	\$0.0	\$172.9
2003	40,200	\$25.5	\$3.7	\$0.0	\$29.2
2004	110,000	\$55.1	\$0.0	\$0.2	\$55.3
Total	2,063,894	\$695.8	\$405.1	\$5.4	\$1,106.2

Sources: Figures for food aid and medical supplies from USAID and US Department of Agriculture; KEDO (Korean Peninsula Energy Development Organization) figures from KEDO. Cited in Manyin (2005)

The support that the international community extended to the DPRK in the period 1995-2005 concentrated mostly on alleviating the food shortage and on medical treatment and hygiene. Approximately 130 INGOs participated in the humanitarian response to the DPRK food crisis at some point during the humanitarian response effort. Some of the larger INGOs involved include Oxfam, the Red Cross, Caritas International (the relief agency of the Roman Catholic Church), Médecins Sans Frontières, Action Contre la Faim, and World Vision US. There were also some smaller American NGOs funded by religious organizations or private donations such as the American Friends Service Committee, the Eugene Bell Foundation, Christian Friends of Korea, and Global Resource Services (Snyder 2009; Reed 2009).

It is also important to note that many South Korean civic groups (and some Japanese groups) became active in the delivery of aid to North Korea as well as along the Sino-Korean border. The number and size of North Korean assistance organisations grew after being officially



tolerated by the South Korean government in 1998 and then encouraged under Kim Dae Jung's so-called Sunshine policy (Flake and Snyder 2003: 88-89). Many of these organisations are aligned to either Christian or Buddhist organisations and the majority still tend to focus on providing assistance to North Korean refugees. Among these organisations are: the Citizen's Alliance for North Korean Human Rights; Citizens' Alliance to Help Political Prisoners in North Korea; RENK (Rescue the North Korean People! Urgent Action Network); the Buddhist group Good Friends; the North Korea Freedom Coalition; Mintongryun (the United People's Movement for Democracy and Unification) - a national coalition of workers, youth, farmers, students, religious groups, writers and journalists; the Eugendell Foundation; Pomminnyon, the Pan-National Alliance for the Reunification of Korea. (The role of South Korean NGOs in North Korea is not the focus of this article but for the latest comprehensive research on this see Reed 2009).

### **The Impact of INGOs: Realising Humanitarian Objectives and Effects on Economic, Political and Social Development**

#### **Realising humanitarian objectives**

All INGOs interviewed for this study emphasised how the relief of human suffering remained the principle goal of their operations. While it is not possible to establish a clear link between aid and any changes in the welfare of the North Korean people, particularly in the absence of rigorous monitoring, we were nevertheless interested in how the agencies themselves thought they fared in terms of realising humanitarian outcomes. Interview responses and other INGO documents present a mixed picture, some agencies believed they were successful, some believed they weren't, while most admitted they couldn't tell for sure.

In a Caritas document prepared for an emergency appeal it said that: "So far Caritas feels confident that most of the aid is reaching the right people and no major aid diversion has been discovered. Although some Caritas workers mentioned that some donated food etc will end up in markets ...but with a market economy developing, chances that food and non-food donations are sold or bartered increase" (CARITAS 2006).

Other groups seriously doubted whether aid reached the intended groups of people. A senior executive of Médecins Sans Frontières said:

Within North Korea you don't reach the disadvantaged... I talked to refugees [in Seoul] and I explained to them that from this period to this period so much aid went into your country and they laughed their heads off. They said 'do you think we saw any of that?' ...When they managed to hear the international news – by listening to a South Korean radio or whatever on the border – they thought that the West was lying. They thought that the international community probably never sent the amount they claimed (pers. comm. 7 August 2005).

An Action Contre la Faim report titled “The inadequacies of Food Aid in North Korea” released in 2000 questioned the agency's success in reaching the needy:

It is very unlikely that food aid in North Korea reaches the most vulnerable people. The total amount of food aid in '99 covered a major part of the estimated food deficit. Unfortunately, reports from North-Korean refugees in China underline that some people are still starving to death in North Korea. As in other countries, a famine is not necessarily due to the fact that there is not enough food but that the food is not reaching some parts of the population. One of the main weaknesses of food aid in North Korea is that it is distributed through channels completely controlled by the regime and mainly targets institutions, especially children institutions. But the most vulnerable children are not in these institutions.

There were also concerns about the reliability of data. To address this issue UNICEF provided capacity building programs to the DPRK Central Bureau of Statistics. According to a Caritas report the number of monitoring visits improved considerably over the period of their operations, but in spring 2005 there was a reduction of approved field visits. In addition, needs and impact assessments as well as evaluations remained difficult to undertake, due to what the DPRK government described as “national security considerations”. The report describes how the “government only provides information on a ‘need to

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know' basis and little is known about how information is collected and analysed (CARITAS 2006). An executive of MSF said:

There basically isn't any data that could have been the basis for development of relevant intervention, relevant programs, were basically treated as state secrets. It was almost impossible to get any reliable health data. [it was] extremely difficult to measure accurately the extent and severity of malnutrition in such a context (pers. comm. 12 August 2005).

An Action Contre la Faim 2000 report expressed concern over North Korean government reports on the agency's recipients "The number of beneficiaries on the '98 list was undoubtedly inflated. It may mean that Action Contre la Faim distributed aid to nearly 50,000 non-existent beneficiaries. Where did the aid go? What did the authorities do with the "surplus"? We do not have any answers to these questions." (2000: 6) The report concludes that it was impossible to prove that all the aid is reaching the intended beneficiaries (Action Contre la Faim 2000)

Subsequent research supports such observations. A survey of nearly 1,000 North Korean refugees found that over ten years into the international aid effort, approximately 40 percent of respondents (likely from areas of high food-insecurity) reported to have had absolutely no knowledge that foreign humanitarian food aid even existed (Haggard and Noland 2005).

Trends in nutrition figures over the period, however, suggest some improvement in health outcomes. A nutritional survey carried out in October 2004 by the Central Bureau of Statistics and North Korea's Institute of Child Nutrition (ICN), with the assistance of the United Nations Children's Fund (UNICEF) and the United Nations World Food Program (WFP) found that malnutrition among children in the DPRK declined between 2002 and 2004. This is evidenced by lower rates of stunting and wasting. However, proportions of stunted and underweight children, at 37% and 23% respectively, remain "high", according to World Health Organisation criteria. Moreover, the assessment found that the nutritional status of mothers had not improved, with almost one in three women with young children remaining malnourished and anaemic (UNICEF 2005: 72). Analysing this survey data, nutritional scientists Daniel Hoffman and Soo-Kyung found that acute under-nutrition

decreased during the period 1997 to 2002, but that chronic under-nutrition that results in stunting is still highly prevalent (2005).

### **Conditions on the ground: The degree of government control on INGO operations**

Throughout the period 1995-2005 the North Korean government severely restricted the ability of donor agencies to assess how much of each donation actually reached intended recipients and how much was diverted for resale in private markets or to the military. Haggard and Noland list some of these restrictions which include: not permitting independent travel and controlling access to vehicles; limiting the length of visas; denying requests to visit facilities in particular regions; and more generally closely controlling contact with recipients and the wider population (Haggard and Noland 2005)

An executive of MSF described the “continuous obstruction” by the authorities affecting “how we could work, where we could go, whenever we were asking something that they considered out of the scope of what would be allowed.”(pers. comm. 7 August 2005).

According to a Caritas report planning field visits was a continual challenge. “Travel plans need to be submitted at least a week in advance, although from Caritas’ experience, some flexibility can usually be negotiated at county level” (Caritas 2006).

One significant hurdle was the inability to deploy Korean speaking aid workers. An executive of MSF said that “basically we had no ability to choose our own translator and our North Korean guides were present all the time.” They added that this had a range of ramifications for MSF’s humanitarian work. In particular, it undermined the building of relationships with locals.

Contact with the population very strictly controlled...Being in direct contact with patients, in itself, was a challenge. ....you had to go through government-appointed translators, you couldn’t have your own. The number of translators was limited in the first place, as the number of questions which are related to health history of a family, etc which a normal doctor would ask, but you couldn’t ask in a North Korean context because you were not allowed to. It was very difficult to follow up with patients – see them twice in a row for doctors – things which may seem completely natural, but which in a North Korean

context were not considered proper by the authorities (pers. comm. 8 August 2005).

The Action Contre la Faim report (December 2000) stated that:

This notion of geographical access is partly an illusion. In fact, even within the accessible counties, the North Korean authorities usually conduct the expatriate staff to the county towns but not all over the county. ...In September '99, the county of Musan, in North Hamgyong province, inaccessible since the beginning of humanitarian intervention in North Korea, eventually became accessible. However, it soon became evident that only the county town was accessible and that the rest of the county was off-limits (p. 5).

Some improvements were reported. According to a 2004 appeal document the number of inaccessible counties remained steady (around 44). Some INGOs said that, for a period, they gradually had increased access to the groups they assisted. The World Food Programme, for example, was able to open four satellite offices throughout the country.

Some argued that large INGOs did not make monitoring a priority at the outset. A CEO of a small American NGO said:

A lot of these organisations did not put a lot of emphasis on accountability in the beginning and then as soon they begin to find that there is a problem then tries to build it back into the system that already exists. That's always very difficult (pers. comm. 16 August 2005).

Based on our limited sample the organisations that tended to express most dissatisfaction with the restrictions were the European INGOs (and it should be noted that four European INGOs, Médecins du Monde, Médecins Sans Frontières, Action Contre la Faim, and Oxfam International, were among the earliest to withdraw from the North, ceasing operations in 1998 see Snyder 2007). It was clear that their experiences operating in North Korea were unlike past experiences of humanitarian interventions. Previously these organisations had been most active in delivering assistance in failed or failing states. In the absence of functioning institutions these agencies often created their own, setting up field hospitals, distribution networks, transport systems

(even airports) and deployed large numbers of international and locally engaged staff and then administered programs through their own chain of command. They soon discovered that the situation in North Korea was completely different from, for example, Sub-Saharan Africa.

### **The social and political impact of INGOs in North Korea**

As discussed much of the political science literature has given attention to the role of INGOs to act as agents for social and political change. It is argued that INGOs can be a source of moral support for disaffected groups within a country, a way of shaming a state to change its ways or at least challenging regime interpretations of the outside world.

An executive of the Red Cross and Red Crescent Societies was perhaps the most cautiously optimistic. She said that the presence of aid agencies may have some impact:

Well, I feel people feel less isolated when they see expatriates moving around in the country and engaging with them at a community level - bringing new ideas, new technology, discussing their issues, their problems (pers. comm. 15 August 2005).

Other interviewees said they felt their programs would have no significant long lasting impact. According to L. Gordon Flake, Executive Director of The Maureen and Mike Mansfield Foundation and author of a comprehensive study on NGOs in North Korea (Flake 2003), INGOs have had no discernable impact on the society or polity:

At this point the NGO impact is extremely limited. There is very little ongoing impact and the scope of it is tiny...I wouldn't want to for a second try to overstate it. ...They are having impacts, but at an individual, local, institutionalised level. It is not going to change the North Korean nuclear program. What you really want to do is move from are these grandiose claims that they are affecting the political or economic context (Flake pers. comm. 15 August 2005).

Instead Flake believes smaller non-profit organisations are likely to have a longer term impact:

It was those who were able to kind of carve out a niche, where they were able to avoid the politicization of either side and kind of target those forgotten populations that didn't have any strong political ramifications.... They were able to set up this network of TB hospitals, serviced with food, equipment, X-ray machines and medicine etc. They are hitting the very bottom of the population. So, in a broad sense it is not significant right – it doesn't impact on the stability of regime, it doesn't impact on North Korea period. It is just kind a good, very humanitarian work. But you can question the overall relevance on a broader scale (Flake pers. comm. August 2005).

Other North Korean analysts have made similarly positive assessments of these smaller American NGOs. Scott Snyder of the Centre for U.S.-Korea Policy at The Asia Foundation points to the effectiveness of some of the smaller church or privately funded American NGOs such as the American Friends Service Committee (AFSC), Christian Friends of Korea (CFK) Eugene Bell Foundation (EBF) and Global Resource Services (GRS). These four have continued their operations in North Korea. Snyder writes that “In certain areas the focus on cooperation and relationship building has served to overcome some initial suspicions or to bend DPRK rules with regard to outside organizations. For instance, GRS, CFK, and EBF all employ fluent Korean speakers in primary roles, despite long-standing North Korean objections to such workers from international agencies. During the course of field visits and joint projects all the organizations have had extensive contacts with individual North Koreans.” (Snyder 2007 p. 427) Korea Representative, The Asia Foundation, Edward Reed also describes some of the successes of their operations (Reed is a former Quaker International Affairs Representative for Northeast Asia – the Quakers are associated with AFSC) (Reed 2009).

Flake provided an example of the type of smaller organisation he thought was being effective and we interviewed its CEO. The director of the organisation said that he was not interested in fostering internal change. He also argued that such attempts could be counterproductive. He said:

North Korea is a post colonial state and that means it has a visceral, almost violent reaction against outsiders telling them what to do – in fact, it's more likely they will deliberately do the

opposite. If you want them to do what you want to do, you have got to figure out a way to make them think that it's their idea – that they want to do it, otherwise they're not going to do it just for spite's sake because the legitimacy of the regime is based on just saying no to big powers or you tell them the less likely they are to respond and you just basically write your ticket out of there. So if an NGO tried to get actively involved in social change in North Korea – you know before the ink was dry on the first sentence, they would be on an aeroplane. And there have been organisations that have done that and are now gone. (pers. comm. 16 August 2005)

Some agencies believe that aid helped keep the current North Korean regime in power. According to L. Gordon Flake, the presence of international aid may have in some ways reinforced the regime:

Perversely, the relative control maintained by the DPRK government meant that in times of shortage and deprivation, North Koreans had few viable alternatives and thus had incentive to be more rather than less loyal to the regime. The only way to survive was to find ways to move closer to the centres of power... Ironically, the international aid community's reliance upon official government distribution mechanisms likely encouraged and enforced loyalty to the regime. (pers. comm. August 2005)

In sum the moral support type effects of INGOs are likely to be negligible in the North Korea context, at least in the short term. North Korean leadership's behaviour suggests that it is not concerned about its international reputation regarding its human rights record; organisations such as Amnesty have never been granted access; and, given the lack of access to information, knowledge of such organisations among the North Korean citizenry is likely to be limited or non-existent. It is perhaps the underground churches and South Korean NGOs operating on in the border areas that will have the greatest psychological effects. Church groups are active in broadcasting radio into North Korea, assisting refugees to flee and publicising violations of human rights internationally. There also are reports that South Korean pastors are using cell phones to give sermons to people in North Korea (Dong Ah Ilbo 2010).



But, for better or worse, there is one area where the provision of such large volumes of aid has had a dramatic impact – that is it has been a contributor to changes in the structure of the North Korean economy.

### **Impact on the economy**

Many of the agencies interviewed attempted to incorporate some form of development or rehabilitation to bridge the gap between relief and development. According to its appeal document the International Federation of the Red Cross and red Crescent Societies (IFRS) moved from emergency relief to introducing longer-term health programmes, as well as water sanitation, disaster preparedness and response and capacity building programmes (IFRC 2005) Since North Korean authorities allowed some free market activities during that time, some INGOs and UN agencies financed smallholder credit schemes. An International Fund For Agriculture Development (IFAD) report describes how women have built on skills acquired in their traditional role as managers of household finances to increasingly take charge of a variety of credit-financed household income earning activities. In response, IFAD developed household-oriented credit services to support these “off-farm activities” with about 60% of loans going to female headed households. A 2001 IFAD report notes how loan recovery was near 100 percent and that the female recipients of loans have demonstrated considerable acumen in their development of relatively complex and financially successful sideline businesses (International Fund For Agriculture Development 2001). INGOs have also attempted to introduce new seed varieties and double cropping. Kathi Zellweger of Caritas-Hong Kong described a number of development oriented programs initiated by Caritas:

We provide new farming equipment and as this needs maintenance and repairs and we are in the process of establishing a workshop to train farm mechanics and tractor drivers. We provide new inputs for fish farms combined with expertise and training programs....[We] supported the production of clothing, thus providing job opportunities and exposing the factory management to international practices as well as saving on international transport costs for our donations. We also collaborate with The Korean Association for Supporting the Disabled (KASD) [assisting in] office set-ups,

supporting the production of training materials and organizing exposure and study tours to China (Zellweger 2005).

The United Nations Development Fund for Women (UNIFEM) invested in industries such as sericulture (silk worm farming), weaving and textile mills and also in a range of small cooperatives producing clothing and soft toys and the like (UNIFEM 1994).

But it appears that the most enduring economic effect of this period of aid provision was unintended. The pouring of millions of tons of grain and other food stuffs into the country helped to support the emergence of an informal market economy.

### **Diverted food aid priming the pump for market growth**

A long running debate continues as to the extent to which the North Korean regime explicitly diverts aid from intended recipients to the state. However, many analysts are now pointing out that food aid has been consistently diverted to the market with lower level bureaucrats and military officers using their connections and government vehicles to fill market stalls with donated grain and other commodities (Lankov 2007).

Markets became the chief coping mechanism in the face of famine and the absence of a functioning Public Distribution System (the rationing system under which citizens used state-issued coupons to procure food and other necessities operating in some form or other since 1948). Informal markets and trading networks have now sprang all over the country and include general markets in larger cities, farmers' markets, and more informal markets or exchange networks such as barter, transfers from relatives in the countryside, and corruption. U.N officials estimate that private markets provide perhaps half of the calories North Koreans consume, and up to 80 percent of household income (as reported in Harden 2009). Recent surveys of defectors have found that as many as 75 percent of them were involved in market activities before fleeing the country. Food aid was crucial to the development of this nascent market economy. Marcus Noland of the Washington based Peterson Institute of International Economics estimates that in the 2000s about 30 percent of international aid found its way into both official and informal markets. It appears that this diverted food aid has assisted in priming the pump for market growth. According to Noland

Aid created a situation that gave powerful forces and institutions in the North Korean government an interest in seeing markets develop ...If you gain physical control over aid that you receive for free, you can reap astronomical profits -- but only if you could sell it. It was unintended, but diverted food aid acted as a lubricant to the development of the market (quoted in Harden 2009).

The long term consequences of the spread of capitalism are significant but, in terms of social and political outcomes, somewhat ambiguous. On the one hand, diversion directly moves food away from intended beneficiaries. Also it further enriches those with official power and resources and may even create a new power elite. Noland describes the emergence of “a form of apparatchik capitalism similar to Romania’s” (Noland 2003: 13). On the other hand, food is still making its way via markets to millions of North Korean tables. According to Haggard and Noland “the marketization of the North Korean economy has probably reduced vulnerability from what it would have otherwise been. Even with rapidly rising prices, markets - including those fed by cross-border trade in grain with China - are able to ameliorate internal supply constraints to some extent” (Haggard and Noland 2009: 394). Moreover, the greater the supply the lower the price for the end consumer. Making food more affordable is a much needed development given that the recent currency revaluation and hyperinflation (see section below). As Noland observes “diversion tends to depress prices in the market where many of the beneficiaries or their families are, in reality, obtaining most of their food” (quoted in Harden 2007). Thus it could be argued that markets currently sustain the nation.

Lankov points to other liberalizing effects associated with the spread of markets. He notes how markets contribute to the weakening of the state’s monopoly on information as they provide a relatively less government controlled space allowing freer exchange of information and the building of boarder networks. Also, perhaps more concretely, they are the main mechanism to distribute the items that help North Koreans learn about the outside world, selling various consumer goods, including tunable radios, DVDs of movies and television shows and mobile phones (Lankov 2007). The latter incidentally has become a source of news about North Korea to the outside world with reports that South Korean civic organizations related to North Korea have used cell phones

to break major news stories on the North, such as its currency revaluation (Dong Ah Ilbo 2010)

As discussed various scholars have pointed out that capitalism is compatible with multiple political forms. But it remains to be seen whether it is compatible with a system as rigid as that in North Korean. Under this system, food security represents a very concrete expression of *juche*, or self-reliance thus the regime's capacity to provide sustenance is a core part of its legitimacy. The current crackdown on markets suggests that the leadership view the spread of markets and the emergence of a merchant class as a real threat to their power. No such crackdown occurred in arguably more flexible systems such as China. The fact that the North Korean government is so concerned is perhaps a sign that the spread of markets will have major political consequences.

### **Recent developments and the current food situation**

As INGO workers and scholars quoted in this article are at pains to point out, we cannot know anything for sure about what life is currently like for most North Koreans. We do know that externally food aid has dried up due to sanctions, general donor fatigue, and in South Korea's case, because of a change of government and public disenchantment with unconditional aid. Internally, yields have declined because of lack of (principally South Korean donated) fertilizer, the effects of deforestation and cultivation of unsuitable land, which in turn contributed to several "natural" disasters. Global food prices have risen sharply from late 2007 affecting the capacity of the regime to import grain on commercial terms. (Haggard and Noland 2009). Together this has meant that the large food deficit remains and is probably getting worse (although Noland and Haggard (2009a) argue that it is probably not as bad as during the famine period in the mid-1990s).

More recent internal developments, however, are likely to make life even more difficult. In November 2009 the regime redenominated and revalued the currency while sharply restricting the amount of old won that could be traded for new and banned the use of foreign currency (to "stabilize and improve people's lives" and "reinforce economy management system and order" "to construct a Strong and Prosperous Nation in 2012" according to North Korean propaganda). This had the effect of wiping out many people's savings while sending food prices sky high (Good Friends 2010).

Another development has been a crackdown on markets themselves with the government suspending or closing several wholesale markets around the country. There are also reports that many market traders have suspended their activities in confusion over the new policies. The effect of these two developments has been hyperinflation.

Most recent accounts describe a range of behaviours that suggest things are very difficult. Mass absenteeism from factories and schools and military service (Good Friends 2009; 2010), increased numbers crossing the border, captured border crossers, arrested market vendors and larger numbers of Kotjebi or homeless children swelling the brutal prison system's population (Haggard and Noland 2009b) growing numbers eating two meals a day and increased foraging and consumption of inferior foods (Schwekendiek 2008; Anderson and Majarowitz 2008) increasing prostitution and widespread outbreaks of disease in particular swine flu (Good Friends 2009, 2010). Perhaps most alarming, given it could perpetuate North Korea's desperate situation for decades to come, are claims that this on-going deprivation has meant that a significant proportion of a whole generation of North Koreans are likely to be stunted and intellectually retarded. Psychologically many more are likely to be deeply traumatised.

## **Conclusion**

Interviewees from INGOs had mixed reports regarding the impact of their work. Some INGO representatives said that they had some success in meeting their humanitarian objectives, in particular in alleviating food shortages in targeted areas. Some respondents said that the aid provided gave North Koreans a sense that the global community cares and that they are connected to this community. Other aid and development agencies, however, were not confident that their programs were successful. Some interviewees said that through contact with North Korean refugees in China they discovered that the most vulnerable in the population never saw any aid, while others said they believe that aid was diverted to the political elite or the army. All the INGOs interviewed described the extraordinary lengths the North Korean regime went to ensure that the populace was not "contaminated" through contact with aid staff, noting how the degree of government control placed real limits on where and when INGO representatives could travel, what type of activities they could pursue and with whom they could interact. There

were mixed reports regarding the implementation of monitoring devices such as morbidity tracking, nutritional surveys, market surveys and price surveys. Finally, all respondents agreed that the presence of INGOs to date has not had any discernable impact on political or social structures. Thus we argue that, on the basis of the evidence presented, the very substantial aid given to North Korea does not seem to have had any effect on the regime change.

However, it is in the economic realm that the impact appears to be the most significant with large volumes of aid diverted into the emerging network of official and unofficial farmers and street markets helping to establish the nascent capitalist economy. However, it seems likely that the main people who benefitted from this development are those that had the power to divert aid in the first place. Yet markets now provide millions with a source of much needed food.

Further research on the impact of INGOs will lead to asking bigger questions that explore the likely consequences of the spread of capitalist relations has for the society and polity. We can say this development is creating new opportunities for many Koreans, in particular women who are the main traders in these newly emerged market processes. Although recent reports of an “arjuma led rebellion” (Stanton 2009) may be exaggerated, some South Korean scholars argue that the new entrepreneurialism of North Korean women has translated into a notable improvement in the economic strength and status of women over the past 10-15 years (Lim 2004; Koo and Oh 2004). Clearly the effects of the spread of market relations warrant significant further research.

At the end of the day the many non-governmental organizations active in North Korea undoubtedly saved lives. Maybe along the way they won some hearts and minds, showing that not all foreigners are the imperialist running dogs of Pyongyang propaganda. But right now they are not making much of a difference at all. Donor fatigue has set in and international aid has virtually dried up (the few INGOs remaining are the small religious American NGOs affiliated with religious organizations). Meanwhile North Korea shows no intention of abandoning its nuclear weapons program. So what next? It is now up to foreign donors to make some difficult decisions. It must decide whether providing aid, much of which is likely to end up in market stalls, can, on balance, be considered an acceptable outcome for humanitarian programs at least in the case of North Korea. The international aid community must decide between the undesirable effects such as

providing increased opportunities for the spread of corruption and the enrichment of various levels of officialdom, with the potential to depress the price of grain. The international aid community may also wish to consider broader debates around whether their involvement will help build a more capitalistic North Korean society and if this development in itself is likely to usher in better times for the millions of suffering North Korean people. Early in the New Year, Pyongyang's official Korean Central News Agency carried a statement from the North Korean Foreign Ministry calling for a peace treaty between North and South and an end to international economic sanctions, saying that "may soon lead to the opening of the six-party talks". According to some commentators such as Good Friends this signals a belated slow dawning within the North Korean leadership that they need outside help. If this is the case then that the international aid community will have to make these decisions sooner rather than later. In this regard it is worthwhile considering the comments by one of our interviewees, an executive of CARITAS. She said

I have to admit that from time to time I ask myself if -- once the North Koreans are free to talk -- the mothers, the children, the doctors, the farmers, the staff at orphanages, the old folks, will praise or blame me for having collaborated with the DPRK government in order to provide humanitarian aid. During my recent visit to Seoul, I had the opportunity to speak to a few defectors. One had been in South Korea for almost ten years; the others were more recent arrivals. I asked each one of them about aid as well and all -- some after thinking awhile -- replied that providing aid should continue and that even if not all aid was reaching the right people, it still helped and had a trickle-down effect. We know full well by giving to this certain group of people, you are essentially allowing the regime to put its resources elsewhere. But we believed in engagement. It is much easier to close the door than to open it further. Walking out of North Korea is the easy option. If you do that then what have you gained at the end of the day? (pers. comm. 7 August 2005).

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