

## INSIDE NORTH KOREA

I always suspected that North Korean life was not quite as it was portrayed by popular rhetoric. To quote Atticus Finch in *To Kill a Mockingbird* ‘You never really understand a person until you consider things from his point of view...until you climb into his skin and walk around in it’. With this truism in mind I travelled to North Korea a year ago. I was in good company. Our small group included a British expert on artificial intelligence looking for business opportunities, a retired Norwegian professor of economics who was curious and a German economist and internationally renowned expert on North Korea with a special interest in the country’s developing consumerism. I was there for my next book *Korea: America’s First Failed War with China*.

Pyongyang is not North Korea, but its transformation since it was obliterated at the hands of USAF commander Curtis LeMay during the dark days of the war, is a testament to the regime’s determination. It has emerged as a bubble of modern towers, state-of-the-art museums, science palaces, sporting venues, amusement parks and public gardens. Smiling school children are ever-present and mobile telephones are ubiquitous. There is even a dolphinarium and a spectacular new water-world, not to mention a small number of coffee houses and nightclubs. The rich kids – the local Brat Pack – like to call it ‘Pyonghattan’. Pyongyang’s Arch of Triumph is eleven metres taller than the Arc de Triomphe in Paris and the Palace of the Sun – the mausoleum for the two dead Kims – is as large but not quite as grand as the Palace of Versailles. On an island on the Taedong River, the Yanggakdo Hotel rises for forty-seven floors. And the view from its revolving restaurant provides a panoramic prospect of the urban landscape, dominated by the towers of apartment buildings and a belching coal-fired power station in the distance.

But the people who live in Pyongyang are a privileged elite. Most have housing and desirable jobs. They support the regime because the regime supports them. Their rewards and inducements place them a world apart from ordinary citizens; a world that has so far largely insulated them from economic hardship and the effect of sanctions. With only rare exceptions, they constitute a relatively cohesive group. They are the beneficiaries of a class system based on political loyalty and family history known as *songbun*. Many are relatives and descendants of Kim Il-sung's original band of brothers – the men and women who accompanied him on his historic return to Korea from the Russian Far East in 1945. These people, their offspring and their extended connections now make up the 'core class' - the high-ranking military officers, Workers Party officials, senior bureaucrats, business leaders and diplomats who prosper because of family background and personal affiliations.

Since he came to power, Kim Jong-un has made a concerted effort enhance the lifestyle of these elite supporters. Their improbable benefits, which were not available to us, now include a beach resort on the east coast and several ridiculously luxe ski resorts in the mountains near Wonsan. One of them is the Masikryong Ski Resort, which was built in record time by soldier-builders in 2013. Another is the signature project known as Masik Pass, with its luxury hotel, upscale restaurants, Heineken beer, European chocolates, Rossignol skis and Austrian Doppelmayr chairlifts.

There is a dark side of course, one that we could not see but which is well-known. The repressive regime will not hesitate to eliminate opponents and can be guaranteed to allow the rural population to suffer before the elite class feels the effect of tighter sanctions. But for now, even outside Pyongyang, there are many indications of small-scale market activity. Regular watchers say it is increasing every year. We saw evidence at roadside stalls, small shops and on

the long train journey north to the Yalu River. This unofficial gray economy is said to constitute as much as thirty percent of the national economy. Even the conservative Seoul-based Bank of Korea estimates that there has been moderate economic growth in North Korea during the last six years. A portion of that growth is undoubtedly attributable to the trade in illicit goods, some of it state-sanctioned – especially in counterfeit currency, cigarettes, fake pharmaceuticals and narcotics. However, the arms trade is not what it used to be - a direct result of more extensive scrutiny of shipping movements and sanctions.

It is possible that all will change in the coming year but nothing is certain. President Xi's determination to enforce United Nations sanctions will probably make a significant difference. And an oil embargo could well be crucial. But there are already signs of possible accommodation between Russia and North Korea. And, as James Clapper the former National Security Advisor has said, the prospect that North Korea will surrender its nuclear and missile arsenal in response to threats, coercion and sanctions is minimal to non-existent. The only way forward is direct engagement between Washington and Pyongyang. And there is much that Washington could put on the table in return for a denuclearized Northeast Asia – the military bases in South Korea, the annual provocative war games and a peace treaty to end the war.

Until now, the military mindset in Washington has remained unshakeable. Only the unpredictable Trump possesses the lateral thinking that could change that. Pyongyang wants engagement and respect; it wants regime security and state survival; and it wants a peace treaty to end the 70-year war and remove the existential threat to its existence. Diplomacy is not a morality play. Of course North Korea has its political prisons. But China is the world's top executioner and the United States has the world's highest incarceration rate. No good will come of a policy of non-engagement with North Korea. And be warned - China

and Russia have a vital interest in the region, economically and strategically. Both would like to see the heavy American military footprint in Northeast Asia diminished. And neither can be expected to tolerate an expansion of that influence.

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