

## MEMORANDUM FOR THE RECORD

DPRK for

September 26, 1995

To: E. R. Zumwalt, Jr.

From: J. G. Zumwalt

Subj: Telecon with Mr. Young J. Paik, President of Paok Steel &amp; Engineering Corp. (1-800-421-1473) about his recent visit to the DPRK.

## BACKGROUND

Mr. Paik has visited the DPRK twice since the Korean war--once in 1989 and once as part of the U.S. business delegation which I took over in February of this year. At the time of the Korean war, Mr. Paik left behind a mother, an older and younger brother and two sisters. He had been invited back to North Korea by Mr. Hwang Jang Yop. (Mr. Hwang serves in three capacities: (1) International Secretary of the Central Committee of the Workers' Party of Korea, (2) Chairman of the Foreign Affairs Committee of the Supreme People's Assembly of the DPRK and (3) Chairman of the Korean Social Scientists' Association). Although the DPRK government had hinted that Mr. Paik, prior to his February visit, might see his family during that trip, the reunion never materialized. Subsequent to the February visit, Mr. Paik had a few written exchanges with Mr. Hwang who then invited him back to visit the week of September 16-23 to meet with his mother in time for her 97th birthday. In Pyongyang, he did meet with both his mother and his older brother's sister-in-law. Obviously concerned about being monitored, they would speak in whispers. What follows is Mr. Paik's account, as related to me this date by telephone, as to what was said during the meetings he had with his relatives as well as the two days of meetings held with Mr. Hwang.

## BIOGRAPHICAL SKETCH ON HWANG JANG YOP

Mr. Hwang is 72 years old. He was a brilliant student in commerce high school, where he was an honor student and champion on the abacus. He went to Japan to continue his high school education. But while in Japan, he was drafted as part of its labor force prior to World War II. He served one year, which was spent mining in southern Korea. After the war, he went back to finish up his high school education. He married a classmate. In 1950 he was promoted to teach at Kim Il Sung University. He was then asked to attend the University of Moscow. He spoke Russian very well, and received a PhD there. It was while in Moscow that he extensively studied Marx, Lenin and communist theory. He is very much a scholar and knows theory. He returned to North Korea as president of Kim Il Sung University. Hwang and his wife were very close to Kim Il Sung. They had taught Kim Jang Il--his wife had introduced the younger Kim.

Hwang does not convey the image of a typical communist ideologist as he talks very freely. It seems to be able to discuss a myriad of topics with him and will receive a very calm and rational explanation of his argument.

(Note: During a reference in passing to Mr. Hwang about Mr. Kim Yong Sun--Secretary of the Central Committee of the Workers' Party of Korea--there seemed to be some animosity by

Hwang towards Kim Yong Sun.)

#### FAMILY'S CLASSIFICATION BY DPRK GOVERNMENT:

In 1959, Kim Il Sung instructed that all families in North Korea be classified as falling into one of four categories: (1) revolutionary level (comrade), which is highest honor; (2) party level (which included both officials and/or members); (3) ordinary citizens whose names do not appear on any "black list"; and (4) anti-government level. My family was in category #4. My father had been executed in 1950 so my whole family received the #4 classification. My father had been a village chief. Apparently in 1988, seven local village people reported to a committee on my activities during my earlier residency in Korea. These were combined with reports which had also been made on me by Koreans in the U.S. about my activities. Reportedly both my father and me stood accused (wrongly) of having killed some people. My mother tried to explain to the authorities at that time that I had never done such a thing. She told government officials that I had only resided in Korea a very short time and couldn't have done committed such crimes. Another report from the Korean American community said that I had high level influence with the U.S. government. (I think that is why I was invited to the DPRK in 1989.) During my 1989 visit it was falsely reported to me that both my brothers had died--one of cancer and one died while in army. Thus, I had stopped making inquiries about them.

#### THE SOLICITATION FOR MONEY:

For some reason, Hwang Jang Yop feels I am a very influential person both within the U.S. government and the Korean American community. During the course of our lengthy two day meetings, Hwang asked me to invest \$1,000,000 in North Korea. It is clear Kim Jung Il and the country desperately need money. Hwang said he would introduce me to Kim Jung Il for making just such a contribution. He also suggested such an investment by me would start the process by which my brothers might be released. Any profit generated by such an investment would then have to somehow be returned to Kim Jung Il and the Juche Foundation. I explained under U.S. law I cannot make such an investment legally. I told him if my brothers would be released and I could get U.S. authorization for such an investment, then I would do it. They are now expecting me to obtain such authorization. (Hwang also pointed out that other investors, including Americans, are now using third party mechanisms for making such investments in North Korea.)

#### BROTHERS' IMPRISONMENT:

Because of our category #4 classification, in 1962 my older brother was told he could no longer live in Pyongyang and had to move north towards the Chinese border. His wife was nine months pregnant at that time. She didn't know about my family's #4 status. She told me during this trip when I met with her that she wished she had known beforehand. But, after one gets married, as there is no divorce, she had no choice but to accept the situation. She and my brother stayed in this village until 1970. My older brother is mechanic who was trained in the army. He is very clever, very well respected for his repair work and creativity. So he was liked by the people of his village. But because of his family classification, his family could not travel freely. My younger sister didn't want to marry in the countryside--she wanted to marry in Pyongyang.

My older brother spoke to the local secret police who are the only ones who can change a family's status to allow them to travel. One policeman helped them change their status. So my older brother then took my sister to Pyongyang where she later married. (A few years later, however, she died in an accident when gas filled her room--sometime between 1965-68).

In 1970, after my brother had had these communications with the secret police, the policeman who had initially helped him, changed his attitude. He turned on my brother, accusing him of being against Kim Il Sung. He told my brother that he was part of a bad family. In June of 1970, my brother told his wife he was having trouble with the police and disclosed to her the fact that our family had been classified as #4 status. One morning (June 26), he told his wife he was going to pick something up at post office. He never returned and she has not seen him since. (It was later learned that, enroute to the post office, my brother had been arrested and put into handcuffs; the police never informed my sister-in-law that her husband had been arrested although it was understood when someone disappeared like that what had happened to them.)

My younger brother, who has two children, lived in a village near my older brother's village. My younger brother was very angry over what happened to our older brother, especially since both he and my older brother had served in the army and had been honorably discharged. He demanded to know from the same secret policeman how they could do this to our brother as they knew he had done nothing against the government. My younger brother was very critical of the secret police who then said my younger brother also had to go prison. But they allowed his family to go with him. My mother decided to stay where she was with her older son's daughter-in-law. (It had been 45 years since I had seen my mother. While official records show my mother's age as 97, she is really 87. People tend to report earlier birthdates as it entitles them to receive certain benefits earlier. In another three years, for example, when she will supposedly be 100 according to government records, she will receive a congratulatory note from the president and the opportunity to get her family's status changed.)

Receiving a #4 classification not only creates problems for a family with the government but also with the local villagers who tend to shun such people. The DPRK says it has no jails--just group control organizations. Only Kim Jung Il can authorize the release of any political prisoner who is a Department 10 prisoner (thus falling under the responsibility of the secret police).

My older brother has spent his imprisonment in an underground prison. My younger brother has been sent off to another prison (above ground) where he and other prisoners are allowed to have their families live with them. However, the children of such political prisoners receive no education by the government.

#### CONCERNING CURRENT FOOD SHORTAGE:

The official version as to why there is a food shortage is that it is due to the following factors: (1) an increasing population which jumped from 15 to 25 million; (2) there is no additional land available which would allow rice production to be increased; and (3) the weather for the last two years has been very bad.

The real reasons for the food shortage is that it is due to the following factors: (1) fertilizer is in extremely short supply (successful rice yields normally depend on it being spread at least six times a year--but fields now are rarely fertilized more than two times and most places receive a problem further exasperated by North Korea's inability to produce fertilizer); (2) farming

equipment is getting too old and tools are in desperately short supply; and (3) there is an electricity shortage in countryside (some of which is evident in Pyongyang where there have been short outages)--which means irrigation equipment cannot be run to irrigate the rice. Without fertilizer, without water and without basic farming equipment, one cannot expect much production. The average yield of rice for a 2.5 acre area is about ten tons. Production has now dropped to about 3.5 tons.

Another reason cited for the rice shortage is the fact that Pyongyang, in the late 1980s, as a political move decided to send rice to South Korea which had been devastated by floods. Over 80,000 tons of rice was shipped south but it all came out of the three year reserve North Korea had built up for its own use. Because of the interceding problems above, North Korea has never been able to restore its reserves and now has nothing to fall back on.

There appeared to be no knowledge of the fact that South Korea returned the favor by shipping rice recently to North Korea.

#### FOOD DISTRIBUTION SYSTEM:

The normal distribution of food is achieved by villagers sending their rice to central distribution center. As rice is not grown everywhere in the country, the government takes in other crops grown elsewhere around the country and similarly sent to the center. These crops include beans and corn. The rice is then exchanged for the beans and corn and all three--beans, rice and corn--are then distributed to all the villages. But now there is no rice available with which to make the exchange work. Only the west coast and south eastern part of the country seems to be producing it. The exchange program appears to be in bad trouble.

#### GETTING THE REAL PICTURE IN NORTH KOREA:

If one visits Pyongyang today, one does not really get an appreciation for what is going on in the rest of the country. The only real noticeable change is that there are less cars operating now than were operating last February.

Also, flying over the country or driving the main highway does not provide one with a completely accurate picture. I stayed at the Social Science Juche Institute guest house.

The main highway to the guest house was closed due to the fact that trees were being cut along the road. (Editor's Note: When asked why the trees were being cut, it was explained the highway was being widened. While this does not seem very practical for a country which is in desperate need for cash and which has minimal traffic on its roads, one possible explanation in view of the power shortage is that these trees were being used for firewood.) As a result of this activity, we had to take an alternate route over a dirt road which took us through areas in which rice is normally grown. I was surprised to see there was no rice being grown.

The food shortage also became apparent as there was a noticeable decrease in the size of the meals which were provided to foreigners compared to the size of the meals they enjoyed during earlier visits.

#### CURRENT CONDITIONS AND WHO IS RESPONSIBLE:

The people appear not to blame Kim Il Sung as being responsible for the dire straits in which the country finds itself today. Nor, for that matter, do they appear to hold any animosity towards

Kim Jung Il either. Kim Il Sung is clearly still held in very high esteem as the country's savior. The people's animosity as to their current situation appears to be reserved for lower level government leaders--who are viewed as extremely corrupt. It is reported that one cannot do anything without paying a bribe. Bribes are paid with cash (although now less so due to the current shortage of money), cigarettes, rice, etc. All officials are corrupt and bad.

Riots have already occurred in the northern part of the country near the Manchurian border. These riots--as well as the future ones which will undoubtedly come one day--are not targeted against Kim Il Sung's past rule or Kim Jung Il's current rule--they are against the village party officials. Villagers seem to be content with the communist system, they just want party officials "cleaned up." The starvation, however, is causing people to turn on each other. There have been widespread incidents of villagers killing villagers for food--or stealing from each other. Travel now is restricted. It is virtually impossible to travel inside or outside of Pyongyang. Numerous military checkpoints have been set up on the roads. (Even the vehicle in which I was riding, which as a Mercedes indicated that it belonged to a high government official, did not escape scrutiny at the checkpoints as it was stopped and its occupants checked.)

It is clear that the people are scared and the government officials are worried. There is a definite concern that the people may riot, which I believe to be the main reason why Kim Jung Il has not yet officially taken over. Government officials want to take things one day at a time.

People are dying in significant numbers due to the food shortages. These people would ideally like to communicate their discontent with party officials to the local party headquarters but fear retribution against their families who would still have to live there.

Villages are supposed to report all food production to the government but have not been doing so. Many have a local farmer's market where one can find, in view of current conditions, quite a selection. These items obviously can be purchased if a buyer has the money. The price of a 20 kilogram bag of rice is running about NK \$1201. As the local farmer only earns NK \$100 per year, how can people afford such prices? If one goes to the black market, one can exchange US \$1 for NK \$120. The official exchange rate at the hotel is significantly lower--2.05. Even government officials are buying food at these farmers market, obviously with the money they have gained from their bribes.

October 10th marks the anniversary of the Communist Party. Pyongyang is preparing for a big celebration. A million people will take to the streets to demonstrate their support for the government. After putting in a long work day, the people emerge from buildings to practice their programmed ritual for the upcoming celebration for another four hours a day. As we drove along the streets, the people appeared from everywhere as if having received a solitary signal to do so. They then began practicing their chants, cheers, etc. As the people flooded the streets, we had to stop our car.

In my opinion, North Korea is in deep trouble. It is like a bubble about to burst. There is no way the country will survive. But the mass riots and eventual collapse will not necessarily happen right away. The reason for this is that the population in the Pyongyang area is reasonably happy and provided for at this time. While they are hungry, they are not starving. There are a lot of people and there is a lot of power in Pyongyang.

Another reason the collapse will be later rather than sooner is that the North Korean army is happy. Its soldiers, relatively speaking, live well and are well dressed--they are not hungry.

Most young men want to join the army so they can eat. Life is better in the service than any where else

I predict the collapse of North Korea is very possible--quite possibly within the next five years.

#### WHO IS RUNNING THE COUNTRY:

Right now, Kim Jung Il runs the country along with his sister. Kim Jung Il and his sister hate their step-mother and her two children. The latter are never invited to official functions such as the one year anniversary commemoration marking the death of Kim Il Sung. Kim Jung Il's sister is about two to three years younger than her brother. His sister is very important in the party, sharing power just below the secretariat level (minister level). His sister is serving as the Minister of Engineering and Industry, which is considered a very important position. Her husband, Kim Jung Il's brother-in-law, is Chang Song Tak. Chang is considered to be the number two man in North Korea at this time. He is about 52 years old and controls the secret police and all the party. No one can see Kim Jung Il without first going through Chang. With the exception of the army, he has total power under Kim Jung Il. (Control of the army is shared by Kim Jung Il and some other individual who was not identified to me.) Chang controls political prisoners as well. (There is a tie-in between Hwang and Chang as Chang's sister is married to Hwang's son--thus Hwang is well connected to the two top officials.)