

Abstract

The Political Economy of Moneylender in North Korea: Exploring Possible Changes and Impacts under the Kim Jong-Un Regime

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Unlike other post-communist countries, North Korea is considered a unique case where the informal market expands to stabilize the existing structure. To reconfirm this phenomenon, I propose the ‘political economy of moneylender’ model in which street capitalists (‘don-ju’) play a broker role between the authoritarian state and people engaged in informal markets. In addition to reconstructing the trilateral relationships among state officials, don-ju, and the borrower group, this study challenges mainstream understandings by exploring

other possible roles of the don-ju in the changed economic and state policy environments under the Kim Jong-Un regime.

In recent years, due to the border closure as part of COVID-19 restriction measures, the trade and other lucrative sectors for moneylenders have been dramatically interrupted. Such interruption might have forced the don-ju group to find alternatives in order to survive. Based on the institutional economic theory, as the investment and lending activities of the don-ju shifted in terms of volume and sector, the state-don-ju partnership is hypothesized to remain strong in state-led, large-scale business sectors like housing at the expense of other lending activities for street markets. From an overall structural perspective, I suggest that the coping mechanisms of the don-ju group are likely to have contributed to the stability of state economy but less to that of the public economy.

Keywords

Informal Credit Market, Private Finance, Moneylender,
Communist Regime, Kim Jong-Un