



GOODFRIENDS



Weekly Newsletter

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[“Good Friends” aims to help the North Korean people from a humanistic point of view and publishes “North Korea Today” describing the way the North Korean people live as accurately as possible. We at Good Friends also hope to be a bridge between the North Korean people and the world.]

[Hot Topics No. 324]

Rice Price Soaring by Hour, up to 150 NK *Won*

Merchants Stopped Selling due to Steep Price Hike

“Government is Waging a Silent Battle to Collect Merchants’ Money.”

“The Only Option is Full Collaboration with China,” Central Party Official says

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[Hot Topics No. 324]

Rice Price Soaring by Hour, up to 150 NK *Won*

As the New Year begins, the prices are soaring up all across the country. On January 3, rice was traded at 90 NK won per Kg, and corn at 45 NK won per Kg in *Soonchun* Market. This is twice as much considering the rice price of 40-50 won and corn price 20-25 won on December 30. The inflation has been even more serious in *Chungjin*, North *Hamgyong* Province. On January 3, the rice price in *Soonam* Market in *Chungjin* was 110 won during the afternoon and suddenly jumped to 140 won in less than an hour. The prices continued to rise on the 6th. In *Dangsang* Market in *Mankyong* District, *Pyongyang*, the rise price went up to 120 won per kg and the corn price to 70 won. On the same day, the prices in *Soonam* Market in *Chungjin* broke the record high with rice at 150 won and corn at 75 won. As if in competition, the price of rice in *Pyongyang* also went up to 150 won on the 7th, the next day.

On 8th, the rice price in *Chungjin* dropped to 100 *won* in the afternoon and again to 50 *won*, but soon it soared up to 200 *won*. The fluctuation of prices is continuing as of January 9th.

Merchants Stopped Selling due to Steep Price Hike

As the prices of goods continue to rise merchants stopped selling and wait for prices to settle. They simply do not want to sell their merchandise since nobody knows how much further the prices will go up. Even the police officers who were cracking down on prices in the market halted their enforcement activities in the face of skyrocketing prices. The residents reacted to the sudden price hike and said, "Market activities will be severely impacted since the government did not set the prices of goods after the currency revaluation, did not release the goods, and banned the use of foreign currency."

An official in *Soonchun*, South *Pyongan* Province also explained that "Since the currency revaluation on November 30 and subsequent announcement of government-set prices, the government declared that adjustments of prices will be made after surveying the opinions of the people throughout the country for 20 days. However, market prices became extremely unstable because the newly adjusted government-set prices have not been announced yet due to the shortage of food and commodities." As a matter of fact, in the markets of the major cities throughout the nation such as *Pyongyang*, *Pyung-sung*, *Soonchun*, *Hamheung*, *Chungjin* and *Sinuiju*, there are many merchants who simply stopped selling because of skyrocketing prices. As prices did not settle over time, goods were traded at the prices set by merchants in the market and by the sales staff in government-run stores, making the prices fluctuate. The residents expressed discontent by saying, "It has been a month since the currency revaluation was done, but the government is not providing proper measures. People are unable to develop a sense of stability and those who cannot do business are feeling very insecure about their lives. The situation in the sale booth is not much different for industrial goods, food items, commodities from that of the grains. The number of sellers continues to decrease and even those who came to the market simply sit idle because there are not many things they can sell. Markets flourished for a while with the cash distribution to farmers and wage payment to laborers, but the whole atmosphere has cooled down very rapidly. The residents of *Hamheung* expressed their concern saying, "Many people are worried that the situation will get worse since *Soonam* Market in *Chungjin*, and *Joopyung* Market in *Hamheung* will be closed following the closure of *Pyung-sung* Market."

"Government is Waging a Silent Battle to Collect Merchants' Money."

Currently without adjusted government-set prices announced, prices are skyrocketing by the hour nationwide. Residents express their anxiety saying "It feels like a chaos broke loose in our daily life." Some skillful merchants are taking advantage of the situation by selling products at a doubled price, recovering the earlier loss due to the currency revaluation. An official in *Pyongyang* claimed that the government is not announcing the adjusted government-set prices "because of the shortage of goods and money in the government." He observed that although the government has released money, the money is in individuals' possession and not much of it is flowing into banks. This makes it difficult for the

government to engage in economy management and determine the prices. He also said, "The current situation is much like the government is waging a silent battle to collect merchants' money."

Officials in *Hamheung* and *Chungjin* made a similar remark on the soaring prices saying, "Currently across the northern half of the country, merchants are not selling goods in markets of any city or county. As for the national situation, there is no food resource due to the bad crop yield. Although the government is obligated to provide at least the essential commodities for living after the currency exchange, if not satisfying the residents' living needs, that minimum requirement has never been met. The situation is worsening since the government does not have money and goods."

"The Only Option is Full Collaboration with China," Central Party Official says

The North Korean authorities are concerned that the currency revaluation may lead the country into two different directions. They believe the success of the revaluation would expedite the process of building a Strong and Prosperous Nation, but otherwise the country would fall into a chaos. The current situation is not all that promising because government-set prices have not even been announced yet due the shortage of food and products. A Central Party official reported, "The changing circumstances seem to suggest that we may end up taking loans and aids from China and follow their lead with full collaboration. Designating *Rasun* city as a Special City a few days ago was not an isolated incident."

Some residents are demanding, "This currency revaluation is giving people so much a hard time. They need to announce the national prices as soon as possible and provide relief for people's difficulties. A high priority should be given to stabilizing the chaotic living conditions people face." Meanwhile, as prices of all goods including food soar, the number of families relying on porridge is rapidly increasing. In addition, many restaurant branches of social feeding and clothing care centers stopped their operation. A significant number of residents make daily living by selling rice cake, Korean sausage, tofu rice (fried tofu filled with steamed rice) and red bean porridge, and their livelihood is severely impacted by the interruption.

Rumor of another Currency Exchange Once Spread in *Chungjin*

A rumor saying that there will be another currency revaluation in mid-January circulated in *Soonam* Market in *Chungjin*, North *Hamgyong* Province, causing confusion among the residents. In response to the rumor that 2,000 *won* and 3,000 *won* bills will not be used, there were some merchants who ceased selling goods in the afternoon of January 3. In the evenings of January fourth and the fifth, party officials of *Soonam* district visited neighborhood units to explain that the rumor was nonsense. The officials convinced the residents that only government-announced orders and public lectures are to be trusted.

[Editorial]

With Hyperinflation, Daily Necessities Supply Plan in Urgent Need

Since the currency revaluation, North Korea is experiencing abnormal inflation. In major cities across the country, the prices are unstable and being reset every hour. As a result, people are refraining from trading and just waiting for the prices to be stabilized. The chaos in price can be easily observed by following the trend of rice price.

Prior to the currency revaluation in November, the price of rice was relatively stable at 1,800 – 2,000 NK *won* all across the country. After the revaluation, rice was traded at 30 – 50 NK *won* while the state was setting the rice price at 23 *won* and the distribution price at 44 *won*. However, the rice price began to jump continuously since January 2 to 60, 70, 80, 100, 130, 140, and 150 *won*. On January 8, the price dropped to 100 *won* and again to 50 *won* for a while, but it rebounded to 200 *won*. The prices are extremely unstable, and nobody can guess what would come next. Since it is hard to predict the future prices, people are trading only small quantity whenever need arises.

The government officials in charge of economy have been saying that despite the temporary confusion caused by the currency revaluation, the new order would settle in January. On the contrary, a hyperinflation, market contraction, and the policy of wholesale market closure all add up to aggravate people's discontent with the economic policies. Moreover, the chaos in the market is directly affecting people's livelihood.

As NKT has pointed out in many occasions, the success of the currency revaluation is contingent upon the government's ability to supply daily necessities to its people. Only when sufficient amount of food and other supplies are provided can the government control the prices and make them settle at the state-set level, and stabilize the people's economy. If that is already going awry, its goal to stabilize people's livelihood through currency revaluation will never be achieved. Does North Korean government have such capacity or any other supply plan?

The government should reconsider the market closing policy if it is unable to provide sufficient daily necessities. For the last decade, people have struggled through hardships and managed to create small markets in order to survive on their own. Closing down the markets where people have proved that they can support themselves is to deprive them of their right to live. At this point, legalizing and promoting the market is literary the only way to stabilize people's economy especially when there is no policy at all to support the people.

The new currency notes have been circulating in the market for almost a month. Most people, however, are suffering harder than before, let alone benefitting from the enhanced purchasing power. If the price instability continues, it is very likely that the currency revaluation will end up a great failure, leaving the national economy drowned in an extreme chaos. We urge the North Korean government to react promptly, make plans to supply necessities, and implement them thoroughly. The clock is ticking. 🌸



Good Friends: Center for Peace, Human Rights, and Refugees



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Good Friends– An International NGO for Peace, Human Rights and Refugees

Good Friends provides relief works for international refugees to become all lives' friends, peace movement to fundamentally resolve disputes and conflicts that human beings face, and human rights movement to protect human rights.

Good Friends has been providing information on food shortages in North Korea, raising funds for humanitarian assistance, dispatching activists to national border areas between China and DPRK and having them investigate local situations, and publishing reports on food shortages in North Korea.

Currently, Good Friends is making efforts to improve humanitarian and human rights situation of North Korean people and to inform this situation to the international community by:

- 1) Collecting information on food shortages, public health conditions, education, the basic necessities situations and inform humanitarian organizations so that they can support North Korean people effectively.
- 2) Reporting the current human rights situation in North Korea where rights duly protected by law are being violated; assessing incidents of human rights violations in the process of arrest, punishment, and imprisonment and informing international communities; and requesting that the North Korean Government act to improve human rights.
- 3) Investigating the current situations of North Korean refugees in China, and providing protections and aid for them and their children in particular.

For these purposes, Good Friends USA publishes the weekly newsletter North Korea Today (English edition) to inform the international public.

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