



Contact: Katharine Keenan (202) 454-1334

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MACARTHUR FOUNDATION AWARDS GRANT TO SUPPORT PETERSON INSTITUTE'S INNOVATIVE RESEARCH ON NORTH KOREA

WASHINGTON—The Peterson Institute for International Economics is pleased to announce that it has been awarded a grant of \$200,000 from the John D. and Catherine T. MacArthur Foundation in support of its research on North Korea. The grant is part of the Foundation's broader commitment of \$68 million over seven years to a new Asia Security Initiative supporting international cooperation that fosters peace and security in Asia. Marcus Noland, senior fellow at the Institute, will lead the research project supported by the new grant.

“The Peterson Institute is honored to receive such generous funding from the MacArthur Foundation, which will allow Dr. Noland to continue his path-breaking research in the areas of North Korean economy and security,” said Institute Director C. Fred Bergsten. “His research in this field is unparalleled and vitally important.”

Funding from the MacArthur Foundation will support the Peterson Institute's two-part research program aimed at understanding North Korea's internal conditions and their implications for US foreign policy and security. The first component uses information obtained from surveys of North Korean refugees settled in China and South Korea. The second part entails an inquiry into the impact of North Korea's economic transformation on its internal politics and external relations.

REFUGEE-RELATED RESEARCH

North Korea is of vital interest to US national security but its isolated and secretive nature poses challenges for research. One aspect of its unhappy history has been the exodus of tens of thousands of refugees into China, many of whom have permanently resettled in South Korea. In addition to humanitarian concern over their welfare, these refugees represent a largely untapped source of information.

In particular, the refugees can shed light on the country's multiple economic and political stresses and the state's response. Noland earlier coordinated a survey of refugees in China, which illuminated their experiences in North Korea, their lives in China, and their aspirations for the future. Among the frequently cited results from this work were insights into the

continuing difficulties of coping with famine, the problematic nature of international aid programs, and the horrific nature of North Korea's penal system. A more recent survey of refugees undertaken in South Korea largely reconfirms these results.

The more secure legal environment in South Korea allowed for a longer, more nuanced set of questions than those asked in China. For example, the South Korea survey documents the rise of inequality, corruption, and disaffection, increased access to foreign news media, increased disaffection with the government, and the seeming irrelevance of government economic policies to a significant share of the population.

EXTERNAL RELATIONS AND INTERNAL DYNAMICS

The second aspect of this research effort is an examination of the implications of North Korea's economic transformation for its external relations and internal stability. It extends Noland's research previously published in such works as *Avoiding the Apocalypse: The Future of the Two Koreas* (winner of the prestigious Ohira Memorial Prize in 2000–01), a study of the potential economic costs and benefits of a possible unification of North and South Korea; *Korea After Kim Jong-il*, which examined the regime's future stability after the passing of its current leader; and most recently, *Famine in North Korea: Markets, Aid, and Reform*, a collaborative work with Stephan Haggard.

Noland has identified three centers of power in North Korea—the extended Kim family, the Korean Workers Party, and the military—and studied their rivalries, alliances, and potential for future leadership and collaboration. He has written that North Korea's future leadership is uncertain and likely to be volatile. In this project, Noland will be analyzing North Korea's external economic relations, particularly with China and South Korea, including the role of licit and illicit trade, investment, and aid. This effort has already yielded two peer-reviewed papers, “North Korea's Foreign Economic Relations” in *International Relations of the Asia-Pacific* and “The (Non-) Impact of UN Sanctions on North Korea” in *Asia Policy*; a policy brief published by the Peterson Institute for International Economics, “A Security and Peace Mechanism for Northeast Asia: the Economic Dimension”; Congressional testimony; and press coverage in the *Financial Times* and other publications.

In addition, the project encompasses a survey of more than 300 Chinese enterprises doing business in North Korea, including large state-owned enterprises and small private businesses. Most respondents in the Chinese survey complain about infrastructure issues in North Korea, notably the ban on cell phones, and regulatory shortcomings. These problems limit Chinese business involvement, though most respondents regard the trend toward liberalization in North Korea as irreversible. A parallel survey of South Korean firms operating in North Korea is in progress.

ABOUT MARCUS NOLAND

Marcus Noland, senior fellow, has been associated with the Peterson Institute for International Economics since 1985. His areas of geographical knowledge and interest include Asia and Africa, where he has lived and worked. He has written extensively on Japan, Korea, and China and is unique among American economists in having devoted serious scholarly effort to the problems of North Korea and the prospects for Korean unification. He won the 2000–01 Ohira Memorial Award for his book *Avoiding the Apocalypse: The Future of the Two Koreas*.

He was a senior economist at the Council of Economic Advisers in the Executive Office of the President of the United States. He has held research or teaching positions at Yale University, the Johns Hopkins University, the University of Southern California, Tokyo University, Saitama University (now the National Graduate Institute for Policy Studies), the University of Ghana, the Korea Development Institute, and the East-West Center. He has received fellowships sponsored by the Japan Society for the Promotion of Science, the Council on Foreign Relations, the Council for the International Exchange of Scholars, and the Pohang Iron and Steel Corporation (POSCO).

Noland is the author of *Korea after Kim Jong-il* (2004), *Avoiding the Apocalypse: The Future of the Two Koreas* (2000), *Pacific Basin Developing Countries: Prospects for the Future* (1990); coauthor of *The Arab Economies in a Changing World* (2007), *Famine in North Korea: Markets, Aid, and Reform* (Columbia University Press, 2007), *Industrial Policy in an Era of Globalization: Lessons From Asia* (2003), *No More Bashing: Building a New Japan-United States Economic Relationship* (2001), *Global Economic Effects of the Asian Currency Devaluations* (1998), *Reconcilable Differences? United States-Japan Economic Conflict* with C. Fred Bergsten (1993), and *Japan in the World Economy* with Bela Balassa (1988); coeditor of *Pacific Dynamism and the International Economic System* (1993); and editor of *Economic Integration of the Korean Peninsula* (1998). In addition to these books he has written many scholarly articles on international economics, US trade policy, and the economies of the Asia-Pacific region. He has served as an occasional consultant to organizations, such as the World Bank and the National Intelligence Council, and has testified before the US Congress on numerous occasions. He received his BA degree from Swarthmore College and PhD from the Johns Hopkins University.

ABOUT THE PETERSON INSTITUTE

The **Peter G. Peterson Institute for International Economics** is a private, nonprofit, nonpartisan research institution devoted to the study of international economic policy. Since 1981 the Institute has provided timely and objective analysis of, and concrete solutions to, a wide range of international economic problems. It is one of the very few economics think tanks that are widely regarded as “nonpartisan” by the press and “neutral” by the US Congress, it is cited by the quality media more than any other such institution, and it was recently selected as Top Think Tank in the World in the first comprehensive survey of over 5,000 such institutions. Support is provided by a wide range of charitable foundations, private corporations, and individual donors, and from earnings on the Institute’s publications and capital fund. It celebrated its 25th anniversary in 2006 and adopted its new name at that time, having previously been the Institute for International Economics.