

Informal trade governance by Small World Networks in the North Korean borderlands: Focusing on the structure and function of the Sinuiju-Dandong compatriot network.

The use of Small World Networks (SWNs) for the governance of cross-border or cross-regional trade in the absence of formal institutions is a well-known fact in the literature. This study empirically demonstrates that SWNs are used to govern informal trade in three types of goods: mineral resources, herbal and agricultural products, and bonded goods in the Sinuiju-Dandong border region of North Korea. The specific case analysis utilized the pattern matching technique, in which the trade governance by SWNs is viewed as a theoretical pattern and the actual cases of informal trade are viewed as observational patterns to analyze the congruence between the two. The results of the analysis show that trade governance in the North Korea-China border region is governed by SWNs. In particular, reflecting the characteristics of SWNs, cross-border trade between China and North Korea is intermittent, and intra-regional trade is densely concentrated in compatriot networks such as overseas Chinese and ethnic Koreans, and relationships based on trust and reputation. This study utilized specialized qualitative data, but tried to increase the reliability of the analysis by evaluating the congruence of theoretical and empirical patterns according to Bayesian logic.