

# Forbes

## **As North Korea Plans Party Congress U.S. Should Offer Peace Treaty To Pyongyang**

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December 21, 2015

Four years ago North Korean dictator Kim Jong-il died. His son, Kim Jong-un was not yet 30 and many doubted that he would emerge in control. But Kim now appears very much in charge and has scheduled North Korea's first communist party congress in decades in May. The U.S. should encourage reform by proposing talks on drafting a peace treaty and normalizing relations.

North Korea's invasion of South Korea in 1950 triggered a three-year war. That conflict ended in an armistice, leaving the peninsula technically at war for more than 62 years. The lack of a durable peace leaves renewed conflict a constant possibility.

Dealing with the DPRK has taken on an air of futility in Washington. The Clinton administration planned to attack the North to stop its nuclear program before negotiating the Agreed Framework, which was resisted by the Republican Congress. The Bush administration abandoned its predecessor's approach, but attempting to isolate Pyongyang only encouraged the latter's nuclear efforts. The Obama administration mostly ignored the North and now refuses to talk with North Korea unless the latter first "takes irreversible steps toward denuclearization." Yet the DPRK continues its missile and nuclear programs unabated. Expecting Pyongyang to yield its most important security assets in return for conversation ensures continued failure.

Predicting the North's future plans is dubious business. However, after executing more than 400 officials, some 70 high level, and replacing many top aides, some multiple times, Kim Jong-un appears to be in charge and have reasserted party control over the military.

The first party congress since 1980, when Kim's grandfather, Kim Il-sung, ruled, portends significant policy changes. Kim Jong-un likely will formalize both consolidation of power and new economic initiatives. Ruediger Frank of the University of Vienna observed "that all major reforms of state socialism—be it in China under Deng Xiaoping, the Soviet Union under Gorbachev or Vietnam under the slogan of doi moi—have been announced at such regular party congresses or related events."

North Korean leader Kim Jong-Un (C) inspecting the newly renovated May 9 catfish farm at an undisclosed location in North Korea. (KNS/AFP/Getty Images)

Change is in the air. The government has been pushing creation of a “knowledge economy.” More students are taking cyber-education. A recent North Korean report emphasized sectors such as bio-technology, information technology, and nano-technology. The regime recently completed a Science and Technology Center and renovated Mirae (“future”) Scientists Street, with residences for researchers.

Private enterprise is expanding. Markets first appeared in the mid-1990s as famine gripped North Korea and the government lost its ability to feed its people. In succeeding years controls waxed and waned, indicating “Dear Leader” Kim Jong-il’s apparent unease with any manifestation of capitalism, however muted. His regime seemingly couldn’t live with or without markets.

Today, in contrast, private enterprise increasingly receives official sanction. Observed Andrei Lankov of Seoul’s Kookmin University: “Under Kim Jong-un, not a single policy has been implemented which would somehow damage the interests and efficiency of private businesses.” More provocatively, argued analyst Michael Bassett, in this way Kim is “liberating” the DPRK.

A de facto property market has arisen in this once most tightly controlled society. Private cars have proliferated and now are bought and sold. Private financing has developed. North Korean and foreign banks are providing cash cards. State-run factories are renting out space to private businesses. Advertising has started to appear.

The number of official open-air private markets has more than doubled since 2010 to 406; another 1000 unofficial markets are thought to be operating. They sell increasingly diverse products. Vendors can acquire official licenses from the Ministry of People’s Security. Official price controls usually aren’t enforced. Some vendors sell their stalls for a premium. Sellers travel to reach new markets, giving rise to guides who assist those arriving at train and bus stations to reach more distant locations. Seoul National University estimated that eight of ten North Koreans have shopped at private markets. The government even set up an agency to collect taxes from vendors.

Business lingo, such as “bosses” and “companies,” has entered general discourse. Firms increasingly are seen as run by economic managers rather than party leaders. Indeed, noted the Guardian, “Unlike most aspects of life in North Korea, one’s ability to shoot up through the company ranks is less contingent on background: even those with poor songbun, a caste system delineated by family background and political loyalty, can be a boss.” So can former political prisoners.

As a result, a more prosperous, brightly dressed middle class has taken root at least in Pyongyang. Wrote James Pearson of Reuters: “People are spending money they once hid in their homes on mobile phones, electric bicycles and baby carriers.” The number of North Koreans with cell phones has tripled over the last three years. Observed Lankov: “It’s a good time to be rich in North Korea.”

The expansion of the private economy naturally invites in the rest of the world. Goods from abroad increasingly are available. Some official stores set prices in dollars as well as won. Chinese and other foreign firms are active. VoIP calling via Google and Skype is available.

Jang Jin-sung, a psychological warfare officer who defected in 2004, dismissed the likelihood of political dialogue in transforming the North. Rather, he wrote: “The key to change lies outside

the sway of the regime—in the flourishing underground economy.” Even military and party officials and their families are involved in market activity, especially trading firms. As a result, he contended, “all of North Korea has come to rely on a market economy, and no place in the country is untouched by it.”

This obviously is good for the North Korean people, who enjoy better living standards and greater personal autonomy. It also is good for the future of the DPRK, since only private markets and international engagement offer a path to prosperous development. Moreover, it is good for those outside the North who hope for a country which treats its people better at home and poses a smaller threat to its neighbors abroad.

Of course, economic reforms so far are modest, and have not yielded a fully private economy; much more remains to be done. Moreover, such changes can go only so far in transforming North Korean society. China demonstrates that autocracy can coexist with free enterprise. In this regard the North has very far to go. But the PRC also shows rising economic liberty to offer the best hope yet for positive evolution over time.

A South Korean K-1 battle tank fires ammunition during a live-fire exercise near the demilitarized zone (DMZ) in Cheorwon, South Korea, on Wednesday, May 20, 2015. (Photographer: SeongJoon Cho/Bloomberg)

There are no serious alternatives. Even few U.S. neoconservatives want war with the North. Such a policy, which would have horrific consequences, would be simply mad. Certainly most South Koreans are horrified at the possibility of leaving Seoul in rubble as a result of an American attempt at full-scale “liberation” or even more limited anti-nuclear strikes.

Enhanced sanctions are a panacea oft-proposed in the U.S. For instance, Sen. Cory Gardner (R-CO) is pushing such a bill. However, there’s no guarantee that increased hardship would cause Pyongyang to capitulate; over the last two decades the regime has survived economic privation, mass starvation, death of the nation’s founder and his heir, and loss of international support. Moreover, despite Beijing’s evident displeasure with its troublesome neighbor, the PRC remains unwilling to cut its economic lifeline to the North. The U.S. is unlikely to persuade China to abandon its sole ally while pursuing not-so subtle attempts at containment.

Nor would a North Korean implosion be pretty. Pyongyang could choose to strike out militarily. Collapse could send violence and refugees across the DPRK’s borders and loose nuclear materials even further. China might not stand by and allow Seoul to absorb the North, especially if the U.S. planned to send in troops as well. Instead, Beijing might occupy the North and install a friendly regime. The great achievement of the last six decades has been to maintain peace on the Korean peninsula. Risking it now would be beyond foolish.

North Korea’s leader Kim Jong-Un (R) and Chinese Politburo standing committee member Liu Yunshan (L) wave from a balcony towards participants of a mass military parade at Kim Il-Sung square in Pyongyang on October 10, 2015. (Ed Jones AFP/Getty Images)

The only other option is engagement, with a conscious attempt to moderate the threat environment facing both Koreas. But eliminating nuclear weapons cannot be the starting point. The possibility of bribing or coercing the North to abandon its nukes, which offer security, generate respect, and enable extortion, disappeared long ago. The ROK backed by nuclear-armed

U.S. may not be Pyongyang's only target: nuclear capable Japan and potentially overbearing China also may figure in North Korean plans, since the DPRK has jealously guarded its independence from all comers.

Instead, Washington should begin where the North has suggested: negotiate a peace treaty. At the United Nations in October Foreign Minister Ri Su-yong suggested that America and the North bring the Korean War to a formal close. North Korean television then reiterated the proposal. Cha Du-hyeogn, a former South Korean national security adviser, believed the initiative was not pro forma, but rather, "a possible sign that North Korea is serious about holding a conversation with U.S." Discussion over moving toward some form of official relations could follow.

The best reason to talk may be the simplest: nothing else has worked. And nothing else seems likely to work. The best definition of insanity is doing the same thing and expecting a different result. It's time to try another approach.

Responding to North Korea's initiative would offer two practical benefits irrespective of the outcome. First, the North tends to eschew provocative military actions when engaged in negotiations. Second, Beijing long has urged the U.S. to address Pyongyang's security concerns. Even if doing so does not move the North, taking the PRC's advice might make the latter more likely to cooperate with Washington.

However, the most important reason to negotiate remains to encourage the DPRK to move further and faster along the reform path. Such a result might be a long-shot, but the North's ongoing changes suggest that Kim Jong-un is dismantling the North Korean status quo. Moreover, the upcoming party congress offers a perfect opportunity for Kim to showcase an end to the state of war. With a peace treaty in hand, the leaders of the two Koreas could more seriously talk about traveling the long and difficult road to reunification.

Lee Hee Ho, the wife of Kim Dae Jung, the late South Korean president, second from left, and Hyun Jeong Eun, chairwoman of Hyundai Group, center, head to North Korea on Monday, Dec. 26, 2011. (Photographer: SeongJoon Cho/Bloomberg)

Of course, discussions should be conducted without illusion. Failure has dogged past American policy toward the North. But refusing to engage ensures future failure. And the Korean peoples desperately need more dialogue, not less.

North Korea's upcoming party congress offers a possible opportunity to dampen hostilities. Agree to a peace and new opportunities for change might follow. It's time, argued Michael Bennett, for America "to serve as a facilitator in the inevitable end of the Korean War." Washington should grasp the opportunity.

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