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## The "New" North Korea: Prisons With Designer Hand-Cuffs

By: Doug Bandow – November 26<sup>th</sup>, 2012

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After only the second power transition in North Korea's history, the government, essentially a Kim family criminal enterprise, appears to be stable. However, the regime's foundation is weak. Although Pyongyang has begun to loosen economic controls, so far only the elite are benefiting. Washington should be willing to engage the North, but should expect no breakthroughs.

Last December "Dear Leader" Kim Jong-il died. His son, Kim Jong-un, tagged the "Great Successor," was left nominally in charge. However, it remains unclear if Kim *filis* also is the great decision-maker. A recent report from the International Crisis Group pointed to factors which reinforced "the Kim family cult and concentration of power," but the ruling elite are invested in the system more than in Kim. And the PR touches applauded by the West—cavorting with Mickey Mouse characters, sporting an attractive wife with a Christian Dior purse—are more likely to be viewed with contempt by old-line apparatchiks.

More important, his father had little time to pass on authority to the 29-year-old in a society that esteems age. The surplus of titles, including most recently "marshal" in the military, swiftly showered upon him actually highlights his inadequacy.

Indeed, Kim is surrounded by party officials and military officers who have long awaited their turn to rule. Who is most accomplished at brutal intrigue? Probably not the spoiled brat who spent his time in Swiss boarding school playing computer games and American basketball. Greater power likely lies with Kim Jong-un's uncle, Jang Song-Taek, aunt, Kim Kyong-hui, and other regime elders. Indeed, Jang's experience with Kim family governance—he was purged and rehabilitated by both his father-in-law and brother-in-law—suggests that he might not desire to elevate the third generation to supreme power.

Moreover, the system's superficial stability may be deceiving. Never has Pyongyang been governed by committee. Founding president Kim Il-sung initially gained his position atop a Soviet tank and over time expertly eradicated opposing factions. The latest succession already had its first senior casualty with the ouster of Gen. Ri Yong-ho, thought to be another mentor to Kim Jong-un. Kim might have been flexing his political muscles, but more plausible would be Jang defenestrating a rival, especially after the

promotion of Jang ally Choe Ryong-hae to oversee the military. The State Security Ministry, long overseen to some degree by Jang, also has gained in status.

Caution likely dominates Pyongyang today since dramatic change would require consensus among factions operating in a highly uncertain political environment. Nevertheless, no official could easily ignore the Democratic People's Republic of Korea's overwhelming economic backwardness. Indeed, there are reports—of course, virtually nothing specific can be verified—that even the military has felt the impact of food shortages.

There is evidence of movement on economic policy. Most dramatic is Kim's public call for improving living standards. Until recently the system has never acknowledged failure. More substantively, Jang is thought to have been long interested in economic reform. ;

Ri's ouster may reflect party elites reclaiming control over foreign enterprises and currency trading from the military; some personnel shifts suggest an increased civilian emphasis. Indeed, four technocrats who were previously involved in economic reform before disappearing from public view have been publicly rehabilitated. For instance, Pak Pong-ju, who served as premier and was responsible for the limited economic reforms of a decade ago, has been named head of light industry development. Pak and a colleague visited the South to promote economic cooperation back when the two nations were talking.

There are conflicting reports of change throughout the economy. For instance, management at some factories apparently is being relaxed, allowing individual enterprises to set production and prices, and to distribute "profits." But defectors contend these firms are secondary and most aren't even operating now due to lack of money or energy.

The DPRK long has relied on socialized agriculture, placing several families on a common piece of land to farm for the state. The result has been malnutrition and even starvation. Reforms reportedly have been adopted in areas worst hit by famine to reduce the number of families per plot and establish a production quota above which farmers can keep the excess.

However, despite high expectations nothing was said of agricultural reform at the Supreme People's Assembly meeting held in September. Moreover, the objective may not be greater freedom but reordered regulation. There are indications that the regime is manipulating prices in an attempt to eliminate private markets and seizing privately farmed plots of land for collective use. Open Radio for North Korea reported that "North Korean citizens, who experienced the similar situation in 2002, are preparing for Kim Jong-un's New Economic Management System. To prepare for the prices skyrocketing, they are hoarding Chinese money, and prices and the exchange rate keep rising."

The DPRK reportedly has sent officials north to study Chinese economic policy. Some 40,000 workers also have been dispatched to the PRC for training and also, perhaps, to help pay for Chinese exports.

The North appears to be serious about creating additional investment zones, with China's Shenzhen zone thought to be the model. Apparently Pyongyang is in discussions with both the People's Republic of China and Russia.

Indeed, Jang's August trip to the PRC was described as a "working" visit to discuss economic cooperation, during which Jang attended a conference on the Rason Economic Trade Zone and the Hwanggumphyong Island and Wihwado Economic Zone. China's Vice Commerce minister Chen Jian explained: "We will support big Chinese companies that are willing to invest in North Korea to broaden the economic and trade cooperation with North Korea, to push the two sides to upgrade two-way trade and investment structures and study the feasibility of cooperation on big projects."

Pyongyang has been actively seeking increased Chinese investment. In September a PRC investment group launched a nearly \$500 million investment fund for the North. Indeed, Beijing's continued strong political support for the Kim regime at least in part reflects the former's pursuit of economic advantage.

Nevertheless, even Chinese enterprises lack legal certainty in the DPRK. During Jang's visit Beijing reportedly raised complaints from Chinese businesses. For instance, the Xiyang Group, involved in a mining venture, publicly called its experience in North Korea "a nightmare." Da Zhigang of the Heilongjiang Academy of Social Sciences observed: "Any reasonable Chinese investor will think twice before putting money down. There are many stories on Chinese websites about losing money."

All of this activity may be having some result: Pyongyang apparently exhibits some signs of prosperity and even normalcy that would be unremarkable in any other nation. Alas, few benefits appear to have reached beyond elites in the capital; indeed, famine reportedly threatens as the price of food spirals upward, while fuel shortages leave factories idle. Daniel Pinkston of the International Crisis Group warned against focusing on promises of reform. So far there are gains, but it is "the privileged few who have a monopoly on certain sectors [who] are making out like bandits."

The North Korean people appear ready for change. Victor Cha of Georgetown University contrasted the new leadership using imagery of founder Kim Il-sung to lead a "great leap backwards" with "a society that is slowly and fitfully opening up." Returning refugees and regime elites spread information about the outside world. DVDs of Chinese and South Korean television programs circulate; some observers describe a "mania" for South Korean culture. A million North Koreans own cell phones. Famine forced many people into the black market to survive. Ever fewer believe DPRK mythology that they live in a world of plenty compared to an impoverished South Korea.

The regime is aware of the risks of liberalization and has embarked upon what author Scott Thomas Bruce called "the 'mosquito net' strategy, meaning that Pyongyang will allow foreign investment in the North while blocking potentially harmful news and culture from the outside world." This strategy is risky, since the multi-headed genie cannot easily be put back into the bottle. Indeed, the regime has tightened border enforcement along the Yalu and enhanced punishment of would-be refugees, targeting their families as well. Nevertheless, Kim's rhetoric may raise expectations without yielding results, setting the stage for further unrest.

There has been no change in foreign policy. Although the party appears to have reasserted its authority over the military, there has been no retreat from the regime's "military first" emphasis. Missile development continues, construction is proceeding on a new nuclear reactor, and rumors are circulating of an impending nuclear test. Rhetoric toward the South has grown even more bellicose. Kim Jong-un has reemphasized his grandfather's ideology of Juche, or self-reliance, declaring: "Peace is important. But more important is the principle of self-reliance." In October the regime issued an alert for a semi-state of war.

Through it all China has strongly supported the regime. Shortly after Kim Jong-il's death the PRC provided additional shipments of oil and food to aid the new regime. Trade in January was reportedly up over the preceding year. When I visited Dandong, China earlier this year, a constant stream of traffic flowed across the Yalu into the DPRK. The planned special trade zones would deliver even more resources to Pyongyang.

Beijing routinely urges the North to undertake domestic reform and exercise international restraint, but appears unwilling to apply meaningful pressure on North Korea to change the latter's behavior. There is public criticism of Pyongyang's ingratitude, but this has had no impact on official policy. The PRC consistently encourages the rest of the world to engage and aid the North.

Washington should limit its ambitions in dealing with Pyongyang. There is little upside. Defense Secretary Leon Panetta engaged in only modest hyperbole when he observed: "We're within an inch of war every day in that part of the world."

There's no reason for America to be entangled. Six decades have passed since the Korean War and South Korea is well able to defend itself. American troops should come home, placing the U.S. out of the DPRK's reach. Washington still has an interest in promoting non-proliferation, but there is little to be gained from pressing hard for a nuclear settlement.

Was the DPRK ever ready to drop its nuclear program? No one knows. Although the Kim Jong-il regime was odious, it might have been willing to deal. Even some Bush administration officials admit that they needlessly sacrificed early opportunities to negotiate with the North. Nevertheless, whatever the chances then, more than a decade later the world has moved on and Pyongyang has heavily invested in being a nuclear power. Even if some members of the new leadership are interested in reaching an agreement, they are unlikely to challenge the military over such an important issue during an uncertain political transition.

Given the Bush administration's ultimately fruitless experience, the Obama administration decided not to devote much time and resources to Pyongyang. And the DPRK richly rewarded this skepticism. The North launched military attacks on the South in 2010 and earlier this year almost immediately voided a deal for food in return for a missile/nuclear freeze by launching a missile under the guise of orbiting a weather satellite.

Washington might well try a different approach. It should offer to initiate diplomatic relations, with the two countries exchanging small missions. Doing so would enable more regular discussions and offer the U.S. government a useful portal into the

North. Should the DPRK choose cooperation over confrontation in the coming months, the U.S. could suspend some economic sanctions and open negotiations over a peace treaty to succeed the armistice signed 59 years ago.

The best argument for such a strategy is that nothing else has worked. As my Cato Institute colleague Ted Galen Carpenter observed, “we have little to lose by adopting a bold alternative to current strategy.” If Pyongyang’s response was positive, the U.S. could move ahead slowly, considering a more concerted effort to address the nuclear issue.

At the same time, the U.S. and South Korea should attempt to engage Beijing over North Korea’s future. That won’t be easy. Cha observed: “Thus far, China has reacted with typical closed-mindedness, revealing little information that it might have about Kim Jong-un and expressing unconditional support for the leadership transition.”

The PRC sees little to dislike in the current situation. Beijing enjoys a long-term alliance with the DPRK, takes advantage of investment opportunities in minerals and other industries, fears a united Korea with American forces on its border, worries about the costs of a North Korean collapse, and gains influence as Washington and Seoul request its assistance in dealing with the North.

The U.S. needs to address these concerns—promising that there would be no American troops in a united Korea, for instance—while sharing the nightmare of a nuclear North Korea. Washington should noisily rethink its opposition to Japan and South Korea developing countervailing weapons if Pyongyang goes ahead and amasses a growing nuclear arsenal. Then Beijing might see more reason to act.

North Korea appears to be adapting. But so far the lives of most North Koreans remain the same. Nor is the “new” DPRK any easier for its neighbors or the U.S. to deal with. Meaningful change eventually will come to North Korea. But not yet.