The reversion to the status quo ante began almost three years ago as Kim Jong Il entered the endgame of selecting his successor and ensuring his legitimacy. Thus, last year’s Party Conference was a final confirmation of this new direction, rather than its herald.

What does it mean for North Korean relations with the world? The whirl of opportunity is in the air. Pyongyang is open for engagement of business out of of the communist Seoul is not responding. Indeed, in addition to Kim Yong Il and the reform-minded brother-in-law (Jang Song Thaek), Kang Sok Ju, the long-time Chief Negotiator at the Six Party Talks and the main interlocutor with Washington, has also been promoted to the Politburo. There is also a positive thaw in relations with China. 2009’s year of Chinese-DPRK friendship in Pyongyang posed a pretty frosty year, with China allowing its resentment at Pyongyang’s military provocations of nuclear tests and long-range missile launches to show in the UN Security Council; yet in August 2010, Kim Jong Il – accompanied by Kim Jong Un – travelled to his father’s old stamping, or rather fighting, ground in North East China to be met by Chinese Premier Hu Jintao. After the September Conference leadership changes were announced, Hu issued a blank invitation to Kim Jong Il. Subsequently, further visits followed in May and August, the latter after meeting Russian President Medvedev in Siberia.

Glyn Ford
In North Korea, the agricultural reforms of 2001 have already rejuvenated farming with new low targets for delivery to the state, saw a surge in production into the markets that have sprung up in the North’s towns and cities. Out of North Korea’s 22 million people, one million are allowed to live in Pyongyang. Among them are the 100,000 who matter in North Korea. It is this group that is being best served by the new economy that is currently pulling luxury imports into the country despite the fact that one million are allowed to live in Pyongyang.

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The current goal is to achieve a strong and prosperous economy by 2012, the centenary of Kim Il Sung’s birth. The key question is cause and effect. If there are policy differences, they lie between those who believe military power comes from and is underpinned by industrial and economic strength and those who stand this causality on its head and follow a ‘Military First’ line. For them ‘a cat cannot catch mice after knowing the taste of meat’. Inasmuch as we know anything, the new collective leadership that has been put in place tends to favour the former. Yet, the West’s obsession with the succession means new reforms have been overlooked.

Yet even that which has been achieved is under threat. One of the key motors of economic reform in China a quarter of a century ago was the Special Economic Zone (SEZ) in Shenzhen, cheek by jowl with Hong Kong: for many, North Korea’s Kaesong Industrial Complex (KIC), abutting the South was believed to be capable of emulating it. Yet, the on-off serial provocations by both are threatening to fatally undermine investors’ confidence in its reliability as a credible southern partner to Southern profits and Northern reform. But Pyongyang’s continued interest in SEZs as a source of finance has been confirmed by the announcement, in early June 2011, of the project to develop two new ‘SEZs in collaboration with Chinese and Russian authorities. But neither are ‘new’ and their prospects remain uncertain with both building on past failures.

Raj-Jones (on industrial development project virtually dormant since the mid-nineties) and the short lived plan from a decade ago for a Sinuiju Special Administrative Region.

Yet, investment is the key for the future. For instance, China’s recent restriction off the export of rare earth metals to the West that could just get some interest in Korea’s deposits, or – if the North could agree a medium line with China – the offshore oil deposits in the West Sea. This necessity has been recognised by the creation of the State Investment Committee that is to take over the currently divided responsibility for inward investment from the Ministries of Foreign Affairs and Foreign Trade. It will report directly to the Prime Minister’s Office.

The problem is that it will be difficult if not impossible to deliver without a re-settlement of the peninsula. Few, apart possibly for Korean ‘families’, will invest in a pariah economy. It is not just Pyongyang that’s at fault. There are neo-conservative groups in Tokyo and Washington resisting any settlement. Japan’s neo-conservatives want to finally become a ‘normal’ country and abrogate the US imposed ‘Peace constitution’ but that requires a referendum. The Japanese public are begging their politicians in their enthusiasm for Japanese military forces being employed overseas. The only way to ‘get out the vote’ is by putting the ballot box and for that North Korea is the only game in town.

Similarly in Washington, where the military industrial complex wants to continue to ramp up the big tech projects costing tens of billions. With the best will in the world the Taliban, jihadi’s and Al Qaeda’s use of suicide bombers, booby trapped printers and the assassins’ bullet really don’t make the case for ‘Star Wars’. In contrast, just talk up Pyongyang with a new ‘dodgy dossier’ claiming North Korea is on the verge of getting its long-range Taepodong missile to work (despite three failures out of three attempts over the last decade), successfully testing a nuclear weapon (two failures out of two), manoeuvring them together rocket and bomb, thus leaving the Pentagon no option but to deploy Theatre Missile Defence (Star Wars’ Light) around Japan, so as to be in a position to launch an early strike against the North, and to protect Japan in the event that this first strike missed any odd orphaned tactical tipped missiles.

There is a window of opportunity in Washington and Pyongyang. Obama’s domestic agenda was put in cold storage for two years after last November’s mid-term drubbing but the option of taking up the foreign policy mantle that both Bush and Clinton donned after their own respective mid-term disasters. If in his first two years the President followed his predecessors’ policies towards the Pyongyang of ‘malign neglect’, now there is a chance for progress if he can face down the Republicans and the neo-cons at home.

Alongside the new shops, restaurants and SUVs, Pyongyang is still littered with the leftovers from the Cold War: the last remaining US soldier who crossed the line to the North to desert, the members of Brazil’s quirky nationalist Marxist October Revolutionary Movement at the Party School, and the last four Japanese hijackers from 1970 who made a sit-in at the Ryugyong Hotel on their way to Havana and never managed to leave. The occasion is, when hijackee Motoki Wakabayashi (defeated 4-0 by the 1992 world amateur-garde rock band ‘Les Denudes’ and ardent Liverpool football fan) next sits down for a pizza at the new Italian restaurant close to the captured hijacker’s pupil, former Prime Minister Junichiro Koizumi, will Obama’s policy still reflect the politics of the 1970s that brought him to Pyongyang or will Washington have finally moved on?

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