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**USING SAMIR AMIN'S DÉCONNEXION THEORY
TO OVERCOME THE "IRRATIONAL DEAD-END":
AN ALTERNATIVE PERSPECTIVE ON NORTH KOREA'S RECENT
ECONOMIC OPENING STRATEGY**

Introduction

This paper aims at contributing to the academic debate on the nature of the DPRK's interactions with foreign actors with a particular focus on economic engagement. As proved by an important body of literature, one of the most commented, and maybe the most fascinating political feature of the Democratic People's Republic of Korea (DPRK; North Korea), is its peculiar "philosophy of foreigners"¹, defined as the way Pyongyang interacts with foreign actors. Since the very beginning of the DPRK as a State, but especially after the Korean War, North Korea's external relations and foreign policies have been driven by a very singular mixture of political mistrust and postcolonial self-reliance while also reasserting the principles of socialist friendship and proletarian internationalism. Increasingly isolated after the neoliberal counter-revolution in the 1980 decade and the economic collapse of the USSR and most of its substantial economic partners the following decade, North Korea's philosophy of foreigners has gradually been *considered* as more and more inward-oriented and the DPRK as an isolated

¹ Gabroussenko, Tatiana, 2012, *The North Korean Philosophy of Foreigners*, [in:] Frank, Rüdiger (ed.), 2012, *Korea 2012: Economics, Politics and Society*, Brill, Boston.

nation. While this increasing isolation is at least partially true if considered from an historical perspective, it has become topical to describe the DPRK as a quasi-insular country (“the hermit kingdom”), irrespective of the fact that, on the economic level, North Korea has been implementing quite bold opening policies, including the establishment of more than two dozen Special Economic Zones (SEZs) throughout the country.

As said above, scholars have been focused on the cultural and political causes and aspects of the DPRK’s cautious relations with the outside world. Historians like Andrei Lankov (2002; 2005), Balazs Szalontai (2005), Shen Zhihua (2008), Charles Armstrong (2013) or Bruce Cumings (1997), to name a few, have been documenting and investigating at length Pyongyang’s problematic engagement of the outside world, and the concept of *Juche* in particular (Lankov 1999). While interpretations differ from one scholar to another, most of them agree on the fact that several historical episodes have been crucial (but not necessarily sufficient) in triggering the DPRK’s mistrust towards foreign powers. The tributary nature of the Korea-China relations during the imperial era or the Japanese colonization are of course considered, at least partially, as an historical incubator for Korean nationalism under its socialist and anti-imperialist form in the Northern part of the Korean Peninsula. But more recent episodes have been paid a lot of attention from scholars, as they would constitute the historical cradle in which North Korea’s peculiar conception of external relations took its definitive shape. As Balazs Szalontai and other historians drawing from recently declassified East European archives funds have shown, even according to Eastern-bloc standards, diplomats positioned in Pyongyang during the 1950’s witnessed the increasing gap between North Korean political circles and intra- or extra bloc foreigners. Dramatic and fundamental differences in understanding diplomatic, political and trade relations inside the bloc led to some well-documented milestones of Cold war history like the so-called 1956 August Faction incident when some Moscow and Beijing-supported factions inside the KWP tried to pressure Kim Il-sung into a more “foreign-friendly” political line (followed by open political interference from both the CCP and the CPUS). While these authors emphasize different political or cultural features to explain the growing gap between Pyongyang and Moscow or Beijing (differences of attitude regarding personality cult or peaceful coexistence, etc.), economic cooperation issues, like trade or investment are often considered as side issues. The lack of reliable data certainly is a hurdle for researchers, but North Korea’s persistence in implementing quite peculiar economic policies has also raised some unanswered questions, leading several scholars and DPRK watchers to label Pyongyang’s economic cooperation policies as “irrational”. Based on dominant economic paradigms, the DPRK’s approach to economic cooperation and economic development would not make any sense, and thus could be impossible for us to understand. After all, would it not be much simpler for the DPRK to reform its economy the way the People’s Republic of China (PRC) did

under Deng Xiaoping to achieve substantial economic development? In Andrei Lankov's words, what is Pyongyang waiting for?²

On the other hand, with North Korea being one country among many others, it should be possible to use economic and political theory to better understand Pyongyang's policies³. In this paper, we argue that it might also necessitate a different and heterodox approach. As shown by recent academic research, especially Avram Agov's Ph.D dissertation (Agov 2010), economic thinking was at the very core of the DPRK's political project. At a time when the DPRK was highly dependent from foreign assistance in order to (re)build its own economic infrastructure, radically divergent positions among socialist bloc countries and parties on the political economy of the DPRK, and especially its role in the "soviet-centered division of labour"⁴, were major concerns for North Korean political leaders. Kim Il-sung's speeches and articles, in the 1950 and 1960 decade especially, reveal a particular care dedicated to economic issues, since, in a perspective that was still explicitly Marxist-Leninist at that time, only the establishment of an independent economic infrastructure (based on heavy industry) could lead to an effective independence in cultural, political or intellectual spheres⁵ (or superstructure, in Marxist terminology).

When one focuses on the economic aspects of North Korea's foreign policy, it seems that Pyongyang's mistrust of the "outside world" has a much more relative meaning than in the cultural field. As we will see in section I, through a short and tailored bird's eye view of the DPRK traditional economic policies, it appears that active economic cooperation with socialist and capitalist countries was at the core of its economic development strategy since at least the post-war era. This historical perspective of the DPRK political economy might be useful for us as it could help us qualify the dominant view of the DPRK as an "autarkic" country⁶. In section II,

² Lankov, Andrei, 2015, *Industrial Reforms: What is North Korea waiting for?*, NK News, <http://www.nknews.org/2015/06/industrial-reforms-what-is-north-korea-waiting-for> [accessed 16th of June 2015].

³ Frank, Rüdiger, 2007, Can Economic Theory Demystify North Korea?, *Asia-Pacific Journal*, http://www.japanfocus.org/-R_diger-Frank/2341/article.html [accessed 07 June 2015].

⁴ Armstrong, K. Charles, 2013, *Tyranny of the Weak*, Cornell University Press, Ithaca. See p. 60.

⁵ Kim Il-sung, 1983, *Des quelques tâches immédiates des travailleurs du secteur de l'industrie électrique, Conclusions énoncées lors de la 3^{ème} conférence des éléments dynamiques du ministère de l'Électricité* [4th of February 1958], [in:] Œuvres, Vol. 12 [1958], Éditions en Langues Étrangères, Pyongyang.

⁶ The word is used, among many others, by Armstrong (Armstrong, 2013, see p. 60, p. 252), Cumings (CUMINGS, 1997, see p. 422), Kim and Lee (Kim, Samuel, Lee Tai Hwan, 2002, North Korea and North East Asia, Rowan and Littlefield, Lanham, see p. 124), David-West (DAVID-WEST, Alzo, 2007, Marxism, Stalinism, and the Juche Speech of 1955: On the Theoretical De-Stalinization of North Korea, *The Review of Korean Studies*, Vol. 10, No. 3, Academy of Korean Studies) or Noland (Noland, Marcus, 2000, *Avoiding the Apocalypse: the future of the two Koreas*, Institute for International Economics, Washington, see p. 71). However, one should note that the overwhelming majority of scholars using the word "autarky" to describe the state of North Korea's economy use it a relative way: "the most autarkic", "rather autarkic", etc.

we will draw from French Egyptian economist Samir Amin's economic thinking the concept of *déconnexion*, to understand better how the DPRK shaped its economic relations with the outside world, trying to maximizing potential benefits of active economic cooperation in terms of national accumulation while minimizing risks of economic (and thus political and cultural) dependence. Eventually, as we will see in section III, this rather unorthodox conception of the DPRK external economic relations will allow us to provide a different perspective on the DPRK's most recent economic experimentation, especially Special Economic Zones. Indeed, if we consider that Pyongyang, as an economic actor, never actually aimed at autarky (nor even at limiting its economic cooperation with foreign actors), then its most recent economic experimentation, cannot be considered as an actual and full-fledged *reform*, but more as an *adaptation* to a wholly different external environment. In this perspective, whereas the DPRK is currently opening SEZs everywhere in the country, it might actually be trying to perpetuate its traditional economic policies while looking for alternative sources of capital and technology.

The DPRK traditional economic policies: a bird's eye view

Whereas the DPRK inherited a relatively substantial industrial basis after the Japanese colonizer left the peninsula, the *tabula rasa* of the Korean War, after which the DPRK was “virtually destroyed as an industrial society”⁷, allowed the KWP leadership to implement a whole new plan for industrial and economic reconstruction, according to the principles of the new political regime. While the legacy of Japanese technical and industrial knowledge was beneficial for the DPRK economy, the main issue, according to North Korean planners and to the Pyongyang leadership, was the “colonization-induced imbalance”⁸ of the economy; As Kim Il-sung explains:

formerly, in order to plunder our country's resources, Japanese imperialists partially built a distorted colonial industry processing raw materials or manufacturing semi-finished goods. After the Liberation, our country had almost no production plant producing finished goods or no machine building sector. As we experienced during the War, we were not able to produce ourselves one single automobile spare part.⁹

Wartimes experiences of the North Korean Leadership indeed contributed to the growing awareness that only the establishment of a comprehensive and inde-

⁷ Armstrong (2013), see p. 53.

⁸ Kim Il-Sung, 1981, *Rapport présenté à la 6^e Session plénière du Comité Central du Parti du Travail de Corée* [5th of August 1953], [in:] Œuvres complètes, Vol. 8, Éditions en Langues Étrangères, Pyongyang.

⁹ Kim Il-Sung, 1981, *Pour une Reconstruction Fructueuse de l'Économie Nationale dans l'Après-Guerre, Conclusions énoncées lors d'une session du Comité Politique du Comité Central du PTC* [8th of December 1953], [in:] Œuvres complètes, Vol. 8, Éditions en Langues Étrangères, Pyongyang.

pendent economic basis could lead to actual political independence from capitalist countries, but also from interfering socialist brethren. Indeed, the retreat of the Korean People's Army (KPA) during the Korean War led to major political and military interferences from both Moscow and Beijing¹⁰. Few years later, after the beginning of the reconstruction of the DPRK's economy (thanks to massive assistance programs from members of the bloc), the Korea's Workers Party's (KWP) industrial policies came under harsh criticism from Moscow and East European socialist countries, as Kim Il-sung's explicit pro-heavy industry bias was increasingly contrasting with the USSR's development strategy. At that time, Moscow was indeed transitioning from a balanced industrial policy¹¹ to a more pro-light industry one. The USSR had reasons to be skeptical about the North's economic strategy: as early as 1955, while the DPRK's industrial output was skyrocketing, the DPRK started to experience food shortages, necessitating additional emergency supply of food aid from both China and the USSR. Under the strong Soviet pressure, Kim had to "bite the bullet"¹² and take temporary liberalization measures to boost agricultural output.

As Kim Il-sung considered this episode to be a tactical setback, but certainly not a long-term compromise, the pressure on his shoulders kept growing, either directly from Moscow or Beijing, or through foreign supported-factions inside the KWP, working as proxies, especially during the much-commented August Faction Incident of 1956.

The irony here is that the KWP, to build up its independent economic basis, actually needed active cooperation from Beijing and Moscow as the USSR and the PRC were major providers of economic aid and were funding the reconstruction of the country. In these conditions, autarky never was a sustainable option for Pyongyang, which tried, however, to secure its economic independence by refusing to specialize in one or several economic sectors, and instead aimed at implementing an extremely broad industrial policy that was designed to reduce dependence on imports. This was a rather audacious and paradoxical move: North Korea expected the USSR, and to a lesser extent China, to help it reach economic independence. The USSR, however, had a radically different conception of the role of the DPRK in *de facto* the socialist division of labour inside the bloc, and explicitly expressed its puzzlement regarding Pyongyang's attempts to produce¹³, or even invent¹⁴, everything by itself.

¹⁰ Shen Zhihua, 2003, *Sino-North Korean Conflict and its resolution during the war*, Cold War International History Project Bulletin, Issue 14/15 (winter 2003/Spring 2004), http://www.wilsoncenter.org/sites/default/files/CWIHP_Bulletin_14-15.pdf.

¹¹ Agov, Avram Asenov, 2010, *North Korea in the Socialist World: Integration and Divergence, 1945–1970, The Crossroads of Economics and Politics* (Ph.D Thesis, unpublished yet), https://circle.ubc.ca/bitstream/handle/2429/24246/ubc_2010_spring_agov_avram.pdf?sequence=1.

¹² Szalontai, Balázs, 2005, *Kim Il Sung in the Khrushchev era: Soviet-DPRK relations and the roots of North Korean despotism, 1953–1964*, Woodrow Wilson Center Press, Washington, D.C.

¹³ Armstrong, 2013, see p. 108.

¹⁴ Szalontai, Balázs, 2003, "You Have No Political Line of Your Own" Kim Il Sung and the Soviets, 1953–1964, *Cold War International History Project Bulletin*, Issue 14/15 (winter 2003/

While the DPRK's policies towards foreigners and foreign countries, aimed at protecting its cherished independence can undoubtedly be considered as strict (banning, for example, most mixed marriages from 1963 on or limiting the interaction of foreign diplomats with local population), economic policies and external cooperation were definitely not designed the same way. North Korea was not only trying to recover from wartime devastation, it was also aiming at implementing a socialist economy with quite important levels of social welfare considering its state of economic development. These audacious policies came with important costs and Pyongyang was thus in dire need of additional inputs of capital and foreign currencies. One way of gaining access to foreign capital was financial assistance and loans from the USSR, the PRC, and other socialist countries. Altogether, between 1954 and 1970, Pyongyang benefited from around 1768 million rubles¹⁵ from fellow socialist countries, as well as massive technical help and technology transfer (especially from the PRC and the USSR) allowing it to recover from the wartime damage quickly. The impact of the assistance programs (as well as its political implications) has been the focus of substantial academic debates in recent years. However, from the perspective of a leadership aiming at economic and political self-reliance, depending on assistance programs could not constitute a sound economic development strategy, especially as it came with political strings attached, as we mentioned earlier.

The DPRK thus chose, very quickly after the war, to fund its economic development and welfare programs by obtaining substantial trade surpluses. As Kim Il-sung explained only a few weeks after the end of the Korea War¹⁶, one of the key issue regarding post war economic recovery was the renovation of ports and piers for external trade and exports (especially Nampo, Hungnam and Chongjin). The basic idea of the DPRK postwar development strategy was to focus on the extraction of natural resources (especially minerals) and to export them as much as possible in order to be able to import more value-added products, like machines, produce them domestically and then keep on climbing the production chain this way. According to this scheme, massive imports were a necessary evil, but also a temporary compromise. For example, in 1954, it was considered unacceptable to import textiles products while the DPRK was exporting silk threads; on the contrary, a correct way of doing things would have been to import looms from abroad, as they could not yet be produced in North Korea, manufacture textiles with locally

Spring 2004), http://www.wilsoncenter.org/sites/default/files/CWHP_Bulletin_14-15.pdf. See p. 96.

¹⁵ Figures are taken from Agov, 2010, see p. 392 and 291. Numbers are given in 1961 rubles.

¹⁶ Kim Il-Sung, 1981, *Rapport présenté à la 6^e Session plénière du Comité Central du Patri du Travail de Corée* [5th of August 1953], [in:] *Œuvres complètes*, Vol. 8, Éditions en Langues Étrangères, Pyongyang.

produced silk threads and then sell them on foreign markets¹⁷. In this scenario, the DPRK's national economy would be exporting more value-added products and thus achieve a more substantial trade surplus. Imports, ironically, are considered as a necessity to achieve economic independence from foreign countries, allowing North Koreans to produce textiles by themselves. External trade, as well as investment as part of the assistance programs, was at the core of the DPRK economic development strategy, which is most often described by scholars as an import substitution development strategy (as we will see in section II, Amin has a different perspective). While the DPRK external trade was certainly limited, it was more of *de facto* limitation than an actual policy: with imports and exports aiming at national accumulation and, on a longer term, economic and political independence, foreign partners just had little interest in engaging the DPRK economically. Not only was North Korea a bad payer, it was explicitly using trade as a mean to obtain technology in order to lessen its dependence on imports. Unsurprisingly, socialist countries that had acute strategic interests in the Korean peninsula, namely the USSR and the PRC, were the most important trade partners of the DPRK until 1990. Even if they often reluctantly agreed to buy North Korean expensive and low-quality goods and export products to the DPRK at below market prices¹⁸ as a sign of political goodwill, both Moscow and Beijing (albeit especially the former) showed signs of skepticism towards the DPRK's economic policies, arguing that it would have been much more efficient and faster for the DPRK to raise its people's standard of living by importing USSR-made consumer goods at friendly prices and to balance its foreign trade by exporting natural resources and minerals. This perspective was nonetheless unacceptable for the DPRK due to fundamentally different political options; Indeed, while the USSR was trying to promote further economic integration inside the bloc, the DPRK was on the other hand trying to take advantage of intra- (and extra) bloc economic opportunities while maintaining it at a politically safe distance. In Samir Amin's words, North Korea was aiming at implementing a political *déconnexion*.

Déconnexion or de facto limitation of external economic cooperation

As we mentioned in the introduction, with the DPRK, as a political system, being increasingly marginalized, the debate on the *nature* of the North Korean economic and political system has shifted to one on its own *rationality*. With the neoliberal counter-revolution and the collapse of most non-capitalist economies North Korea has been increasingly considered not as peculiar or unique, but as

¹⁷ Kim Il-Sung, 1981, *Conclusions énoncées lors de la 30^{ème} session plénière du Conseil des Ministres de la RPDC* [23 Aout 1954], [in:] *Œuvres complètes*, Vol. 9, Éditions en Langues Étrangères, Pyongyang.

¹⁸ Agov refers to this phenomenon as a "pattern of help other than direct aid forms in the 1950s". Agov, 2010, see p. 261–264.

abnormal or irrational, and thus quite hard for us to understand and analyze. In this section, we use epistemological tools provided by Samir Amin to shed a different light on the political and economic rationale behind the DPRK's economic development strategies¹⁹.

The DPRK, as a political entity, possesses a government, a territory, a population and is recognized as a legitimate State by the overwhelming majority of countries on the globe²⁰. Even if we definitely lack from reliable *quantitative* data on its economy²¹, it only marginally prevents us from debating the *qualitative* nature of its economy or political system. As revealed by the works of historians drawing from former socialist countries archives funds, the nature of the DPRK socio-economic system was also a puzzling issue for diplomats positioned in Pyongyang during the Cold War. The USSR, and today the PRC, have often experienced frustration in their bilateral relations with the DPRK: while they have been supportive of the North Korean economy, driven by both self-interest and proletarian internationalism, Pyongyang has been continuously using the economic assistance provided by its neighbors or allies to take additional steps away from them and become more independent. While this attitude can be seen as ungrateful, or irrational, from a liberal point of view, it seems to us that the concept of economic dependence, and furthermore the conceptual categories of the Dependency school of thought provide useful epistemological tools to understand better the DPRK's political economy and thus its actual "reform" process.

The basic idea of Dependency Theory is that the world is divided between central and peripheral states, with the former dictating a global division of labour according to their needs, thus preventing developing countries to achieve substantial economic development by using their cheap natural resources to manufacture higher value-added products and export them. The development of the central States is thus conditioned by the underdevelopment (or, at least, the slower development) of peripheral countries. In this framework, the DPRK is a peripheral country that has known the most extreme form of integration, the Japanese colonization and the formal disappearing of the Korean State. In the North Korean official literature, not only was colonization an attack on Korean culture, it also negated the political existence of Korea²² as a sovereign state and used its resources for

¹⁹ Frank, Rüdiger, 2007, Can Economic Theory Demystify North Korea?, *Asia-Pacific Journal*, http://www.japanfocus.org/-R_diger-Frank/2341/article.html [accessed 07 June 2015].

²⁰ National Committee on North Korea, 2014, *DPRK Diplomatic relations*, NCNK Issue Brief, <http://www.ncnk.org/resources/briefing-papers/all-briefing-papers/dprk-diplomatic-relations> [accessed 25 June 2016].

²¹ Kim Byung-yeon, Kim, Suk-jin, Lee Keun, 2007, Assessing the economic performance of North Korea, 1954–1989: Estimates and growth accounting analysis, *Journal of Comparative Economics*, No. 35, p. 564–582.

²² To put it in North Korean words, the Korean people had lost its "jajusong" (자주성). See, for example Kim Il-sung, 1984, *Faisons de notre armée populaire une armée révolutionnaire et appliquons l'orientation d'autodéfense en matière de Sécurité Nationale*, *Discours prononcé lors*

development. As we already mentioned, Kim Il-sung's most urgent goal after the liberation was to build not only an independent country but most importantly an independent economy, *sine qua non* condition for actual political independence.

Contrary to a popular belief, dependency theorists' preferred mode of development, industrialization by import substitution, is incompatible with economic autarky. While the concept might be misleading, the substitution of imports implies that peripheral countries initially import technology-intensive goods (i.e. machines) from developed countries in order to climb up the production chain. As Immanuel Wallerstein even argues²³, it actually substitutes a "new dependence for the old". However, growing awareness of the fact that the imported high value-added goods crystallize economic dependence on peripheral countries, especially in the DPRK, led to a different nature of the structure of the commercial trade balance, as the recomposition of the latter became at the core of the DPRK's economic development strategy:

The Pyongyang government made efforts to change the structure of foreign trade in a way that it upgraded its status of a supplier of raw materials and has become self-reliant on machinery and equipment. The North Koreans believed that they could manage on their own, but this did not mean stopping the trade. On the contrary, it meant *an increase of trade* but on different terms – to import less machinery and more raw materials, while trying to export more value-added goods at the same time²⁴ [*italics added*].

In the post-colonial era, industrialization by import substitution was not only North Korea's preferred path of development, but had its enthusiasts in numerous Third World countries, including capitalist ones. This is where Samir Amin and most dependency theorists differ; as the French Egyptian economist trying to council dependency theory and heterodox Marxism, he does not consider economic and political independence as a distinct question from the construction of socialism²⁵. As economic development by import substitution relies on the hypothetic growth of an internal market, it still constitutes, according to Amin, capitalist path of development, with major side effects of creating what he calls a new dominant *compradore bourgeoisie* in peripheral countries that is benefiting from unequal exchanges with central countries (Amin refers to the "Bandung *Bourgeoisie*")²⁶. Samir Amin, on the other hand, argues for a different scheme of development that seems interest-

de la cérémonie de remise des diplômes à la 7^{ème} promotion de l'Académie militaire Kim Il-sung [5th of October] [in:] Œuvres, Vol. 17 [1963], Éditions en Langues Étrangères, Pyongyang.

²³ Wallerstein, 1979, see p. 77.

²⁴ Agov, 2010, see p. 143.

²⁵ Amin, Samir, 1985, *La Déconnexion, Pour sortir du Système Mondial*, La Découverte, Paris.

²⁶ Amin, 1985, see p. 35. Amin mentions, for example, "semi-peripheral" States like Brazil or Mexico that have achieved a quite high level of economic development but whose subaltern position in international exchanges cannot be overcome because of its very close relations to the centres (important foreign debt).

ingly close to the DPRK's traditional development strategy, which he calls "*Déconnexion*" (Disconnection). To implement *Déconnexion* policies, it is necessary to act on three different levels: ideological, political and institutional.

- First, to actually "disconnect" from the center, peripheral countries have to "submit their external relations in every aspects (diplomatic, economic, cultural, etc.) to the logic of internal choices, taken without any consideration of capitalist rationality". In other words any interaction with foreign actors must be driven by the needs of national accumulation and following the peripheral country's own chosen path of development (the DPRK's bias on heavy industry during the 1953–1956 three-year plan, for example).
- Second, Peripheral countries must be *able* (in terms of political power) and *willing* (in terms of political preference) to implement deep social reforms towards a more egalitarian society. To put it more simply, according to Samir Amin, genuine *Déconnexion* cannot work outside of a centralized socialist political project.
- Third, in order to concretize political independence into economic reality, peripheral countries implementing *Déconnexion* policies must be able to invent, diffuse, absorb and adapt technologies (including imported ones) into their economies.

While the first and second conditions for *Déconnexion* bear striking resemblances with the DPRK's development strategy, the third one, dealing with technology, is maybe the one that least applies to the North Korean traditional economic policies. Indeed, whereas the educational system of the DPRK certainly has its upsides, Pyongyang's ambiguous attitude towards foreign technologies and goods is based on a strict cultural nationalism that contradicts Amin's economy-based approach. Whereas the economist adheres to the principle that technology is never (politically and ideologically) neutral, the "safe distance" kept between the capitalist world and the DPRK, in order to prevent "ideological contamination", is considerably limiting the speed and scope of technology absorption.

In his book, Samir Amin explicitly lauds the DPRK's development path, albeit reserves on some political issues. The economic successes of the DPRK at that time (1985) were sharply contrasting with the economic downfall of Viêt-Nam, the former having the virtue, in Amin's opinion, to have chosen an independent path different from industrialization by import substitution while Hanoi chose to integrate the COMECON and enter the USSR's orbit. While it would be extremely interesting to have an updated version of Amin's thesis taking into account the massive economic contraction that the DPRK suffered during the 1990 decade and after the collapse of the USSR and China's ideological U-turn, we believe the concept of *Déconnexion* can still be extremely useful for scholars aiming at understanding the evolution of North Korea's political economy. The idea that the DPRK submitted its external relations to the logic of national accumulation and "disconnected" its internal choices from worldwide-accepted capitalist rationality, must be subjected

to a debate, but we would argue that it is more intellectually fertile than the alleged irrationality of Pyongyang, as, implying that the DPRK cannot be rationally understood, it does constitute an admission of failure for scholars.

Furthermore, providing us a different conceptual framework to analyze the DPRK traditional economic policies, it thus constitutes another approach of the current “reform”, and especially the economic opening that the DPRK has been trying to pursue since the official opening to foreign direct investment in 1984. In a nutshell, after the collapse of most of its allies and severe economic hardships, is the DPRK still trying to “disconnect” from the capitalist world, or, on the contrary, is it opening Special Economic Zones in order to “reconnect” with the outside world and, at least partially, with capitalist rationality?

“Adaptation and opening”: recent economic policies in the DPRK

The DPRK officially opened its borders to Foreign Direct Investment (FDI) in 1984, although foreign investment in North Korea, including from Western capitalist countries, largely predates the 1984 Joint Venture law. A few years later, in 1991, the first Special Economic Zone (SEZs) was established in Rajin-Sonbong, and was followed by more than twenty others until the very last one was announced in April 2015²⁷. These zones have been paid a lot of attention by scholars in²⁸ and outside the DPRK, as they share great similarities with the SEZs that triggered full-blown economic reform in China in the 1980 decade. Indeed several DPRK watchers have been very keen on trying to detect signs of potential reform spillovers from SEZs to the rest of the country²⁹, most often based on the Chinese pattern of reform. While the bulk of SEZs are much too young to be successful (around 20 SEZs in the DPRK were established in 2013 and 2014), it should however be noticed that even the Rajin-Sonbong SEZ that was established almost twenty-five years ago and enjoys a highly strategic position on the northeastern tip of the Korean peninsula, has achieved mixed success at best, and certainly does not live up to its potential. In this regard, the Kaesong Interkorean Complex (KIC) is an exception, not only because it is highly lucrative, but also because it is a political project that is a part of the broader political framework of inter-Korean relations. Even if this can be an issue, as Kaesong is often a political hostage when North-South relations are tensed, it is also a major advantage for Pyongyang, Seoul and South Korean busi-

²⁷ *Mubong Special Zone for International Tour to Be established*, Korean Central News Agency, 23th of April 2015.

²⁸ The author had the chance to present some of its research findings at Pyongyang University of Science and Technology in May and October 2015.

²⁹ Van Ameijden, Sabine, 2013, *Hubs for Radical Change? North Korea's SEZs under Kim Jong-un, Sino-NK*, <http://sinonk.com/2013/01/11/hubs-for-radical-change-north-koreas-sezs-under-kim-jong-un> [accessed 8 March 2015].

nessmen³⁰. Others SEZs, however, do not have the same political symbolism and, in order to attract foreign direct investment, the North Korean local and central authorities have to bring into light the comparative advantages, find their place in a global (or Asian) division of labour and further integrate into the global economy, based at least partially on the dominant (“rational”) capitalist perspective.

North Korea has indeed made important efforts to appear more welcoming towards FDI, and has been continuously amending its legal corpus regarding investment in the DPRK, in order to improve legal security for profit-driven investors³¹. It also undertook a limited but, in the North Korean context, rather bold decentralization procedure of decision to Special Economic Zones guidance organs³² and local authorities³³. However, these efforts have been welcomed with skepticism from investors and experts, at least until now. Not really because of potential loopholes in the legal security (the legal corpus dealing with investment in the world’s biggest FDI receiver, China, is obsolete and contradictory³⁴), but more generally because of Pyongyang’s general attitude regarding investment that is considered to be lukewarm, opportunistic and not committed. The basic idea is that if Pyongyang really wanted to attract FDI, it would not only go further in economic reform (access to local markets, privatization of key sectors) but also in a political reform as well (increase decentralization, easier access for foreigners, simplification of bureaucratic procedures, etc.). In a few words, according to the dominant “capitalist” perspective, in order to attract more FDI and make good use of its comparative advantages, the DPRK should give up or compromise on its self-reliant stance. As Pyongyang clearly seems not willing to give up on its traditional socio-political features, this perspective leads us to a dead-end: emphasizing self-reliance while trying to attract more FDI can indeed be seen as contradictory and, ultimately, “irrational”.

Without a shift of epistemological perspective, it is indeed quite difficult to understand North Korea’s so-called “lukewarm” and “reluctant” attitude to implement a full-fledged economic reform; The DPRK indeed has tremendous amount of natural resources and valuable human capital that could allow it to make a successful entry on the global division of labour.

North Korea never seemed to consider that trade or investment and self-reliance or socialism were incompatible. As we have seen, Pyongyang never aimed at

³⁰ Doucette, Jamie, Lee, Seung-ook, 2015, Experimental territoriality: Assembling the Kaesong Industrial Complex in North Korea, *Political Geography*, No. 47, pp. 53–63.

³¹ Abrahamian, Andray, SEE, Geoffrey K., WANG Xinyu, 2014, ABC of North Korea’s SEZ, United States Korea Institute Report, <http://uskoreainstitute.org/wp-content/uploads/2014/11/Abrahamian-SEZs-14-1118-HQ-Print.pdf> [accessed 3 May 2015].

³² Law of the DPRK on the Rason Economic and Trade Zone (art. 8), 2012, in *Laws and Regulations of the Democratic People’s Republic of Korea Governing External Economic Matters*, Legislation Press, Pyongyang.

³³ Law of the DPRK Economic Development Parks (see art. 14).

³⁴ Clarke, Donald, Murrell, Peter, Whiting, Susan, *The Role of Law in China’s Economic Development*, [in:] BRANDT, Loren, Rawski, Thomas G. (eds), 2008, *China’s Great Economic Transformation*, Cambridge University Press, Cambridge. See p. 399.

being an autarkic country, and foreign investment in North Korea largely predates the 1984 Joint Venture Law, as Pyongyang's main allies have almost continuously infused capital and technology inside the country since at least 1953. The DPRK considered these imports to be signs of economic dependence but, on the other hand, they also constituted an historical necessity, allowing it, paradoxically, to catch up with advanced countries and to achieve greater independence from central countries. According to Samir Amin's concept of *Déconnexion*, economic cooperation with other countries and especially with central States must be submitted to the logic of national accumulation, *de facto* limiting competitiveness and thus external economic engagement:

The *Déconnexion* from the world system works at this level. It has nothing to do with material disconnection, "absolute autarky", but rather more with a neutralization of the impact of external exchange on internal choices. External exchange, certainly limited in this situation, is submitted to the logic of internal development and not the other way round.³⁵

The development of Special Economic Zones in the DPRK seems to be designed according to these principles. Indeed, as long as there is no or only a very limited impact on internal political and economic choices Pyongyang is willing to go as far as foreign investors want in terms of reform, as there is convergence of interest between internal and external actors. However, if the economic opening contradicts the logic of centralized national accumulation, Pyongyang would give preference to the latter. Infrastructure development is one revealing example: as any visitor can witness, the most basic infrastructures of the Rajin-Sonbong SEZ (railway, power plant, roads) are in a poor shape and need to be renovated so that the oldest SEZ of the DPRK can take full advantage of its ideal geographic location. The lack of reliable infrastructure is most often interpreted as symptomatic of the lack of financial (and thus political) commitment of the North Korean authorities to the northeastern SEZ. However, based on *Déconnexion* theory, this so-called "lack of commitment" does make sense, as it would constitute the consumption of financial resources for foreign actors, but not, or only marginally, for locals, thus contradicting the process of national accumulation. Instead, the Economic Corporation Bureau of Rason People's Committee published calls for investment in the zone's infrastructures, offering returns mainly in a form of coal exports³⁶, which definitely limits the possibility of seeing infrastructure renovation in the short-term but ultimately protects the DPRK economic and thus political independence. The inflation of the legal corpus regarding investment also seems to be an example of this peculiar political mindset: applying only to foreigners, these laws have little impact on the internal social structure and political system of the DPRK. The PRC, when it started its political and economic mutation, also implemented a dual legal

³⁵ Amin, 1985, see p. 249.

³⁶ See for example *Invest Feasibility Report for Reconstruction and Modernization of Sonbong Thermal Power Plant*, 2010, Economic Corporation Bureau of Rason People's Committee of DPR of Korea.

system of laws (one for foreigners, one for locals) in order to remain protected from foreign influence and competition. However, at some point, the legal system became extremely dense and thus hard to implement efficiently, leading to progressive unification of both systems³⁷ and thus capitalist-inspired economic reform.

Conclusion

The nature of the DPRK's political economy is designed in a way that *de facto* limits economic interaction with the rest of the world. However, Pyongyang seems to be today more than ever willing to expand its economic cooperation with the rest of the world, trying to replace former sources of capital, technology and know-how by new dominant actors: private, profit-seeking companies and partners. While the surge in the number of Special Economic Zones tends to show that the economic opening strategy is a priority of the Central Government, we believe that this is rather an adaptation to an evolving international environment than a foreign- or capitalist-inspired reform: the basic principles of political economy remain the same (*Déconnexion*), the partners differ. This does not mean, however, that Pyongyang did not borrow some elements from foreign capitalist countries, as long as it does not contradict the principle of national accumulation and does not impact internal choices. One example, among many other possibilities, is the appearing of specialized SEZs in 2013 (some of them interested exclusively in agriculture, industry, etc.), that are trying to publicize their own comparative advantages (experience in industry or agriculture, proximity to ports, infrastructure etc.) in order to attract FDI.

The use of decentralization measures as early as 1984, and reaffirmed in the 2013 Law on Foreign Economic Development Parks, also seems to be inspired by foreign practices. As it turns out, Pyongyang does refuse to borrow or draw inspiration from foreign countries, but tries to embed them in the traditional features of its economic system with the quite rational intention of improving it.

Abstract

While North Korea embarked on a gradual reform and opening program almost 30 years ago, the levels of economic cooperation with the outside world is still very low. While many scholars tend to explain these low levels by Pyongyang's alleged "autarkic" or "irrational" policies, we rather argue that a shift of perspective is needed to try to understand the DPRK economic policies better, past and present.

Key words: DPRK, North Korea, dependency, Juche, Amin

³⁷ Clarke *et al.*, 2008.