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The Implications of Deng Xiaoping for Kim Jong-un: Can North Korea Transform Itself?

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In December 2013, Kim Jong-un ordered the execution of his uncle and advisor, Jang Sung-taek, who was dragged from a Party meeting to his doom. The implications of this action upon North Korea and international security dynamics are the subject of a series of EAI Smart Q&As in early 2014, beginning with a discussion between Ezra Vogel, professor emeritus from Harvard University and Chaesung Chun, chair of EAI's Asia Security Initiative Research Center and professor at Seoul National University. Beginning in 1978, China embarked upon a long and slow march from an isolated and agricultural backwater to an international economic powerhouse under the guidance of Deng Xiaoping. Today, North Korea stands similarly isolated from the world with little hope for reform or even partial change. In the minds of experts, economic reform - à la China – seems impossible at best under the regime's current leadership. On January 20, Vogel and Chun sought to explore insights that could be gleaned from China's experience and applied to North Korea following Jang's execution, in addition to analyzing the possible responses of South Korea and the U.S.

The Internal Methods behind Deng's Transformation of China

Deng possessed both executive and foreign policy experience, giving him the confidence to set the internal and external courses necessary for transformation.

Chaesung Chun: When a socialist system pursues a transformation, there are numerous components that allow that system to be successful. How would you evaluate the successful components of China's experience of reform under Deng Xiaoping?

Ezra Vogel: Deng came to power at a time when China was ready for a change, and he used his unique and substantial leadership experience to implement his reform ideas and convince opponents to follow his course. For a country the size of China, with a population of over one billion people, it was extraordinary to make such a successful change in a relatively short period of time – especially when compared to the fates of other communist nations. The Chinese people were ready for a new direction after the death of Mao. The death and poverty associated with the Great Leap Forward and the Cultural Revolution had caused mass suffering and famine. The rapid modernization of Japan, Korea, and Taiwan further convinced elites and the population that China was lagging behind. When Communist party officials who had been exiled or imprisoned during the Cultural Revolution began to return, they realized they needed to pursue fundamental changes. Deng, therefore, began his reforms at a time when many people in China were willing to undertake large restructuring if it led to modernization.

By the time Deng gained power, he had extensive experience in both domestic and foreign affairs, in addition to significant time spent in an executive position. He developed ideas for helping China while employed in different positions in various parts of the country, learning what the

Chinese people needed. Deng first learned that a market economy could exist under communist party rule during the year he spent in the Soviet Union in 1926 under the New Economic Policy – commonly called "state capitalism." He then spent twelve years in the People's Army during the wars against the Nationalists and the Japanese, burnishing his military credentials. Near the end of the war against Chiang Kai-shek's Nationalists, Deng took over an area of southwest China around Chongqing that contained around 100 million people. He served as the chief official of this region for three years, gaining substantial executive experience. For the next two decades, Deng moved between high-ranking positions in Beijing and even served as the minister of finance for a year. Later, when Foreign Minister Zhou Enlai became sick in 1974, Deng took over control of foreign affairs and spent two years meeting world leaders. Unlike American presidents who either gain executive experience as a state governor or foreign policy experience as a senator, Deng had earned both, which helped him to chart the course of China's internal and external policies simultaneously in order to ensure successful development.

In addition, Deng spent three and a half years in exile in rural Jiangxi province during the Cultural Revolution, giving him the crucial time in the "wilderness" that has shaped the leadership of some of history's greatest rulers. The "wilderness" is a period time spent far away from power after a leader has risen to high position and then lost it – a crucible that has formed such figures as Charles de Gaulle and Winston Churchill. During his extended stay in Jiangxi, Deng had time to think about the basis of Chinese policies, incubating ideas on how to fix China and how to implement them. By the time he returned to Beijing, his ideas were fully-formed in all aspects of Chinese policy, which allowed him to capitalize on the domestic environment that was ripe for change and gave him the confidence to execute them.

Economic reforms resulted from gradual, low-level changes conducted slowly under the guiding hand of Deng.

Chun: In order to maintain itself, authoritarian leadership must encourage elite cohesion by providing them benefits. If a socialist leader like Deng attempts to change the system, there must be some strong reaction by elites – like in North Korea – to keep the existing system that grants them substantial profits. How did Deng Xiaoping overcome potential opposition toward the changes?

Vogel: Deng went slowly. He knew that if he proceeded quickly on decollectivization he would meet opposition from conservative elites. However, there were large numbers of people in the countryside starving to death from years of state economic planning and communal agriculture. He told his officials that if people wanted to grow their own food on their own plots after they met state quotas, then they could do this in order to survive. After a year or two, he sent reporters out to observe the changes in the rural areas, and they came back and wrote about the success of the agricultural changes. The process of decollectivization could then start in earnest. In this way, Deng made it difficult for conservatives to reject methods that were saving people from starvation.

China also lacked the money in the first several years after 1978 to initiate immediate, large-scale reforms. This played into Deng's strategy to appease conservatives who shunned any market-oriented reforms, because it was also financially impossible to rush ahead. He did not micro-manage reforms from upon high, preferring to let lower-level officials take independent initiatives. He also did not care if provincial officials were making money through side businesses, as long as they were taking bold actions that spurred modernization. For these reasons, reform did not take off immediately but, rather, filtered up from the bottom of Chinese society. He framed structural changes, such as decollectivization and the breakup of state industries, in a socialist context, which encouraged people who were wary of those reforms to accept them gradually. Markets in the countryside were allowed to grow first before putting pressure on state enterprises to be more efficient. In this way, Deng also avoided employment problems by creating market structures for labor to enter before he closed down the state-owned businesses. The elements of success were a combination of gradual, low-level movements under the sure, guiding hand of Deng.

The External Methods behind Deng's Transformation of China

He pursued better relations with the U.S., Japan, and the Soviet Union in order to give China the breathing space for reforms.

Chun: During a reform period, it is also necessary to have a favorable external environment – or at least not an adversarial one – in order to give the country breathing space during the transition. How would you evaluate the external environment that Deng Xiaoping was facing during the reform?

Vogel: After Deng emerged from his second political exile in 1977 and assumed the title of vice-chairman of the party and the military, he took over China's foreign policy. He made it his priority to create a safe external environment which would give China the breathing space it needed to conduct reforms. Within several years, he had forever disposed of Maoist thought that China would inevitably have to fight another world war. First, Deng worked toward the normalization of U.S.-China relations, which were not achieved in the wake of the 1972 meeting between Mao and Richard Nixon. Several weeks after returning to power, Dent brokered a meeting with U.S. Secretary of State Cyrus Vance. However, at that time, the Jimmy Carter administration was not ready to normalize relations, and Deng could not accept U.S. attempts to strengthen its ties with Taiwan. The discussions were a failure. But a year later, in May 1978, Carter felt the political atmosphere had improved, so he designated his national security advisor, Zbigniew Brzezinski, to work on normalization. Leonard Woodcock, head of the U.S. Liaison Office in Beijing, was selected to negotiate with Huang Hua, a vice-minister of foreign affairs. Woodcock was renowned as a tough negotiator and had turned down several other job offers in the Carter administration in order to lead the Liaison Office because he felt he could negotiate normalization. The talks lasted several months but became deadlocked in the end over continued U.S. arms sales to Taiwan. When Deng took control of the final negotiations personally, Woodcock made it clear that the U.S. would not halt arms shipments. The two came to an impasse until Woodcock proposed normalization first and then deal with other matters later. Deng immediately consented, and U.S.-Chinese relations were normalized in 1979. With this agreement, Deng had solved the first of his three major security concerns.

While the U.S.-China normalization talks were ongoing in the spring of 1978, Deng undertook the second prong of his foreign policy strategy. He wanted to sign a peace treaty with Japan but a treaty between Japan and Chiang Kai-shek's China already existed, thereby complicating matters. Deng, however, was ready to make concessions to Japan if it resulted in an agreement. The Japanese responded positively to the news that Deng was willing to lessen his position and the two sides were able to work out the Sino-Japanese Treaty of Peace and Friendship in August 1978, which established good relations between the two countries.

Lastly, Deng feared that the Soviet Union would continue to cause problems for China along its borders, which had resulted in a brief skirmish a decade earlier. Deng's concerns were compounded by the deepening relationship between the Soviet Union and Vietnam, who flanked China's northern and southern borders. Vietnam agreed to allow the Soviet Navy to use the former U.S. naval bases constructed during the Vietnam War, helping surround China with Soviet power and threaten it for the long term. After Vietnam invaded Cambodia in the fall of 1978, a furious Deng decided to command Chinese troops to invade Vietnam in order to warn them that if they continued to welcome the Soviets, they would face constant pressure from China. Deng ordered the military to launch a one-month invasion in February 1979 and pulled his troops out twenty-eight days later, as he had promised. The invasion served as a strong warning to the Soviet Union, after which Deng relaxed relations with the Soviets and began discussions with them. From that point, the risk of war with the Soviet Union became very low. With these three foreign policy moves, Deng had successfully tempered relations with his three biggest adversaries – the U.S., Japan, and the Soviet Union – and gave China room to conduct its reforms.

Kim Jong-Un's Path Forward from 2014

North Korea fears that any economic opening would result in South Korean domination due to its much larger economy.

Chun: As discussed, China's case was exceptional. It is possible that large countries can more easily conduct reforms because their size allows them to conduct them slowly in certain areas and avoid weakening the country as a whole. Smaller countries like North Korea argue that internal reforms leave them open to attack because they must be applied to the entire country. Then, does size matter when it comes to successful reform?

Vogel: Size does not matter, but, rather, it is relative power that matters. When Deng's China decided to embark upon a path to reform, the Chinese political leadership knew that Taiwan's economy had grown much faster than China and had also outstripped it in terms of modernization. Despite the fact that the Chinese population was more than fifty times larger than Taiwan, the two countries had similar-sized economies by the 1970s. China became motivated by the rapid progress of its long-time enemy. On the Korean peninsula, North Korea also lost an initial economic advantage – Japanese-built infrastructure and industry centered in the north during the occupation period – and fell behind South Korea by the late 1970s. Therefore, both China (large population) and North Korea (well-established industry) lost their early economic head start to their rival through economic policy mismanagement.

Since the 1990s, North Korea has feared following Chinese-style reforms over concerns that opening up would lead to South Korean domination of its economy. China faced a similar situation in the early 1970s when it first started to allow foreigners into the country. Travelers from Hong Kong and Taiwan entered China wearing modern business suits and using state-of-the-art phones, which caused the Chinese to worry that their inferior economy would become dominated by foreigners. The economic gap between South Korea and North Korea dwarfs the gap that existed between China and Taiwan in the 1970s. Today, North Korea believes that even a slight opening would allow South Korean economic power to overwhelm its miniscule economy and disrupt its rule. With the additional support of the ROK-U.S. alliance, it is no wonder that North Korea continues to shun any move toward economic reform and opening.

The existence of black markets in North Korea means that the government, at least, tolerates some informal economic activity.

Chun: The leadership factor of Deng was clearly an important success factor in China's reform. In regard to North Korea, there was optimism several years ago at the start of Kim Jong-un's regime that change could occur because of his youth and foreign experience living in Switzerland. When Jang was positioned as Kim's advisor, it further fueled speculation that North Korea could move in a reform direction, because Jang was known as a reform-oriented elite who had strong knowledge of China's path to success. Now, however, since the execution of Jang and the ensuing political turmoil in North Korea, a more pessimistic view has taken hold regarding what is happening inside North Korea. Could North Korea witness a more reform-minded leader in the near future?

Vogel: The execution of Jang suggests that there are serious internal problems inside North Korea which put a serious damper on the chances for reform under Kim Jong-un. Kim assumed power at a young age with very little leadership experience, in contrast to his father who spent decades building a power base among North Korea's political and military elite. Deng also was over 70 years old when he came to power in China and was able to utilize his half century of experience within the upper echelons of the Chinese Communist Party. Upon the death of his father, Kim, however, was suddenly forced to take power and establish his credentials with the older generation of military leaders while installing a younger generation of generals that Kim could more easily control. Jang's execution has demonstrated that the power transition has

gone poorly. If there were mere political problems within the regime, Jang would have simply been removed from power and exiled – not killed. Now, Kim must consider Jang's closest associates who must fear for their lives or find a way to resist the new leader. For these reasons, there is very little evidence that suggests Kim has the stability, support, or experience necessary to implement serious reforms, especially during this uncertain period.

However, the existence of black markets in many North Korean cities proves that there is some toleration within the regime for small economic changes. The black markets could not exist if the North Korean government was not willing to tolerate them. It seems that the authorities are allowing a small informal economy to grow. This situation is similar to the early stages of China's reform when Deng allowed small markets in rural areas to start to develop. Chinese peasants began to grow cabbages and turnips on the side, which they brought into the cities to sell. It is possible this has started in North Korea as well with the black market trade.

Military-supported markets and industries could be a path through which North Korea could pursue gradual economic reform. Once the military starts to earn income from the black markets, the next step is to sponsor whole industries. In the early period of China's reform, the Chinese People's Liberation Army began to earn income from radar technology and other military-related industries within China's interior. Their military specialists gained technical knowledge and when China started to experiment with markets, the specialists moved to the coast and made radios and televisions and other new products for foreign and domestic markets, empowering China's economic rise. Military-backed industry thus led the way in China's economic breakthrough, which could be an intriguing possibility for North Korea.

South Korea and U.S. Policy toward North Korea

South Korea, the U.S., China, and Japan must discuss responses to all possible North Korea scenarios.

Chun: There is now significant controversy in South Korea about the possible future of North Korea. There are some predictions that in the short term North Korea will stabilize itself after the political purges, if they resulted in the forging of strong elite cohesion for Kim Jong-un. In this scenario, there is a greater chance that South Korea can establish a strategic relationship with North Korea and persuade it to follow a new path toward reform and opening. In the other scenario, the regime will face a sudden collapse after political confusion follows the current short-term elite consolidation. How would you predict the future of the North Korean regime?

Vogel: In contrast to China, where the party is unified and has firm control over the country, North Korea has weaker party control due to the sheer size and dominance of the military in political affairs. Therefore, there are two possible scenarios for the future of the regime: one with a united military, the second with a divided one. If the military can operate as a cohesive whole, it can exercise stronger influence in the affairs of the entire regime, not just in the security aspect. In this way, the military can possibly forge a way to work with South Korea after reducing domestic factionalism. In the second scenario, a military divided by rivalries, the internal instability in North Korea could lead to chaos. South Korea planners should prepare for both contingencies and work more with China, the U.S., and Japan to discuss responses in order to help end Korea's role as the fulcrum of conflicts in East Asia for the past 130 years.

Until North Korea makes a nuclear agreement, the U.S. will not have an open policy with the regime.

Chun: The Obama administration is currently following the policy of 'strategic patience' toward North Korea. Obama, however, is very much occupied these days with Middle East problems such as the Iranian nuclear issue. It is hard for South Korea to determine what future policies the U.S. will follow regarding North Korea. How do you evaluate U.S. policy toward North Korea?

Vogel: First of all, the U.S. is big enough to deal with both Middle East and Northeast Asia issues. If Secretary of State John Kerry spends a lot of time in the Middle East, then Vice President Joe Biden can focus on East Asia. It is not a concern that the U.S. will ignore one area in favor of the other.

Regarding North Korea, the U.S. is most worried about its nuclear weapons program because it considers global nuclear proliferation to be one of the most dangerous issues facing the international community today. During the Cold War, the Soviet Union had a massive armament of nuclear weapons, but it always faced the threat of the annihilation of its entire population if it launched any nuclear attack. Terrorists, however, do not have that concern. It requires a high level of international control to restrain this kind of proliferation. Therefore, when North Korea develops nuclear weapons outside of the current international regulation and control mechanisms, it greatly increases the risk of passing weapons or parts on to terrorists. The U.S. cannot give up and allow North Korea to operate with nuclear weapons outside of international standards for fear that the regime can intimidate other countries or convince other rogue nations that it is possible to develop weapons without fear of international intervention.

The U.S. cannot change the current status of its relationship with North Korea until the Kim Jong-un regime can make a genuine and longstanding promise to deal with its nuclear weapons. North Korea has been clever in the past in this regard, making agreements to limit its nuclear potential but continuing to develop its nuclear program on the side. The U.S., thus, is very cautious about any agreement made with North Korea. It does not want to buy the same agreement two or three times. It, however, is difficult to imagine North Korea submitting to such a disarmament agreement because the regime possesses little leverage over its external security environment without nuclear weapons. From the U.S. point of view, it has become a very tough situation to deal with.

About the Interviewees

Ezra Vogel

Ezra Vogel is the Henry Ford II Professor of the Social Sciences Emeritus at Harvard. He is a renowned expert on East Asian affairs who has extensively studied China and Japan. He recently wrote a book in 2011 on China's reforms entitled "Deng Xiaoping and the Transformation of China."

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