Designing Economic Reforms: The Cases of North Korea and Vietnam

Geetha Govindasamy, Chang Kyoo Park, and Er-Win Tan

Since the death of Kim Jong-il in December 2011, it is apparent that his successor, Kim Jong-un, has embarked on a strategy of 'Byongjin,' or parallel development of nuclear weapons whilst simultaneously undertaking economic reform. It is apparent that the new leadership in Pyongyang is seeking an approach to increase agricultural output to ease food shortages and improve the peoples' standards of living, amidst continuing diplomatic isolation. Such circumstances appear set to continue, given the continuing poor relations that Seoul and Washington have with Pyongyang, and the deterioration of Sino-North Korean relations. Set against this backdrop, we argue that there is potential for North Korea to look south, to the Association of Southeast Asian Nations (ASEAN), in attempting to develop a new model for economic reform. In particular, we note the success of Vietnam's Doi Mai, in enabling that country to overcome food shortages, raise living standards, stimulate rapid economic growth, and emerge from diplomatic isolation.

Keywords: Byongjin, Doi Mai, Vietnam, North Korea, Economic Reform

Introduction

Following the death of Kim Jong-il and the succession by his son, Kim Jong-un, in December 2011, there was widespread speculation as to the policy directions that would be undertaken by the new leadership in Pyongyang. There were initial hopes that, with his education in Switzerland, the younger Kim would initiate Western-style reforms. Such early optimism appeared warranted with the signing of the ‘Leap Year’ Agreement with the U.S. Special Envoy Glyn Davies in February 2012, under which the North Koreans agreed to suspend their nuclear and missile programs as a quid pro quo for humanitarian aid. However, North Korea has since adopted an increasingly provoca-