

Developing North Korea— Transforming Asia and the World

by Mike Billington

July 15—The diplomatic breakthrough on the Korean Peninsula—driven by the historic summit between South Korean President Moon Jae-in and North Korean Chairman Kim Jong-un on April 27—followed by President Donald Trump’s even more historic summit with Kim Jong-un in Singapore on June 12, sets the stage for a development process in North Korea which will facilitate a transformation of the entirety of East Asia, and indeed of the entire world.

Festering Crisis Turned into Its Opposite

The festering crisis on the Peninsula since the end of the Second World War, and especially after the Korean War of 1950-53—a war which has never been formally resolved—has served the advocates of Empire as a crucial point of division between East and West, with the “war party” within the Anglo-American alliance demanding that all nations line up on one side or the other, maintaining the imperial “divide and conquer” which has served the British Empire historically.

But President Trump has rejected that imperial division of the world, insisting that the United States should be friends with both Russia and China. It is that intention—expressed by Trump’s personal friendship with Xi Jinping and his July 16 summit with Vladimir Putin—and a similar view by President



Korea Summit Press Pool via AP

North Korea's leader Kim Jong-un (left) and South Korea's President Moon shake hands in the DMZ ahead of their summit at Panmunjom, April 27, 2018.

Moon of South Korea, through his “New Northern Policy,” which made the Korea breakthrough possible.

The Trump-Kim summit must be seen in the context of the world-historic transformation taking place internationally through the spirit of the New Silk Road, Xi Jinping’s Belt and Road Initiative. Within that framework, President Trump’s opening to Russia, China and North Korea has effectively

united all of Asia—including Japan, India, and all of Southeast Asia—behind the vision of peace through development. It exemplifies the potential in Lyndon LaRouche’s call over a decade ago for a “Four Power” agreement among Russia, China, India and the United



Wikimedia Commons/Dan Scavino, Jr.

President Trump (right) and Kim Jong-un shake hands at their summit in Singapore, June 12, 2018.



Moravius

An open air roadside market, Chongdan County, North Korea. Private business is an essential aspect of livelihood for most North Koreans.

States, as the necessary combination to overcome and destroy the power of the British Empire and bring about a new paradigm for Mankind.

Other efforts to unite Asia behind a common vision of joint development have been undertaken. But nearly all were stymied by the isolation of North Korea. South Korea considered itself a virtual island, cut off from the Eurasian continent by the division of its country. The development of the vast resources of the Russian Far East, in which China, South Korea and Japan can and must play a crucial role, has also been stymied by the fact that the ostracized North Korea is central to such a collaboration, for both political and geographic reasons. The political divisions across the region that had been aggravated in the post-World War II era by the “with us or against us” dictates of the Cold War, were aggravated further by Presidents Bush and Obama, even after the collapse of the Soviet Union. Now that can and *is* changing.

As I will show, provided the denuclearization process proceeds successfully, and North Korea’s security is assured, North Korea is primed to undergo a rapid and powerful economic expansion, which will not only lift the struggling people of North Korea out of their poverty and stagnation, but will benefit peace and development worldwide.

North Korea’s Economy

Although some of the popular perceptions about the life of the people in North Korea are accurate—they are indeed very poor, they suffered a severe famine in the 1990s, they live

under an oppressive form of government ruled since the 1940s by the Kim family dynasty, and they have been denied many human rights—nonetheless, the most fundamental human right, that of a decent standard of living, has been improving (from a very low level) significantly, especially since the beginning of Kim Jong-un’s leadership in 2011. A recent study by William Brown—who served for many years as the leading economic expert on East Asia at the CIA and the National Intelligence Council, now teaching at Georgetown University—is “[Special Report: North Korea’s Shackled Economy, 2018](#),” published by the National Committee on North Korea in March, 2018. While reporting on the serious deterioration of the industrial plant and

equipment and basic infrastructure since the end of support for North Korea from the Soviet Union in 1991, Brown nonetheless points to the “excellent resource base and highly competitive skilled labor” in the country. He also notes:

The footprint—that is, the existing framework for infrastructure development—is already there, making potential development relatively easy and fast. An ancient civilization with well-developed villages and towns, northern Korea received a large amount of Japanese investment during the colonial occupation (1910-45), including a modern rail system, ports on both its east and west coasts, hydro-electricity, and tele-



CC/Kazuo Nakagawa

A used China Railways DFH3 diesel-hydraulic locomotive purchased for service in North Korea, Oct. 4, 2015.



U.S. Navy

Yalu River Railroad Bridge half-destroyed by U.S. bombers during the Korea Conflict, Nov. 1950.



Prince Roy

Sino-Korean Friendship Bridge across the Yalu River.

phone and telegraph services. This infrastructure avoided damage during World War II but was devastated during the Korean War and then rebuilt in its aftermath. Between 1953 and the mid-1980s, Pyongyang, with substantial assistance from the Soviet Union, Eastern Europe, and later China, added significant thermal electric power, a limited express road system, and petroleum-related energy infrastructure. These have been very poorly maintained, however.

In fact, North Korea, at the time of the Korean War, was by far more developed than the South, which had been primarily the agricultural breadbasket under Japanese occupation, while the North was highly industrialized. The “Korean miracle” under South Korean President Park Chung-Hee (Presidential term 1961-1979) turned a war-torn and impoverished South Korea into the industrial power that it is today. There is no reason that the North cannot be similarly transformed in a relatively short period of time.

Still, the task is formidable. Prof. Brown points to the nearly thirty years of neglect of maintenance of industry and infrastructure since the end of Soviet assistance, and North Korea’s focus on its military defenses at the expense of the basic economy. “This neglect,” Brown writes, “extends through the rail and road systems, electric power supply, water and sewer systems, heating systems, public health infrastructure and many other areas.” Communication systems are better off, he reports, in part due to an Egyptian company, Orascom, which developed a 3G cellular network for the country.

Agriculture is in even greater need of transforma-

tion, although Brown notes that agriculture “may hold the key to economic reform given the potential for unleashing productivity gains among North Korea’s many farmers.” Agricultural productivity in South Korea is between 15 and 20 times higher than in the North. Although much of the country is too mountainous for any agriculture other than grazing, the coastal provinces in the west, and a strip of land along the east coast, contain decent arable land. The collapse of Russian aid, coupled with several natural disasters in the early 1990s, led to a severe famine from 1994 to 1998 in the isolated country, with estimates of deaths by starvation ranging from 500,000 to three million. Malnutrition is still common in the North, although the agricultural base has been largely restored. The emergence of private markets, especially for food, which have been accepted by the Kim Jong-un government, rather than the former policy of total control over food distribution by state distributors, has made food far more accessible to all.

Energy supply is one of the major problems facing the nation. A hydroelectric power plant on the Yalu River on the border with China, built by the Japanese in 1943, and a coal-fired plant in Pukchang, near one of North Korea’s plentiful anthracite coal mines, built by the Soviets in 1960, provide over half of the nation’s power supply.

Two 1,000 MW light water nuclear power reactors (nuclear weapons proliferation-resistant), which were to be built for North Korea by the United States and South Korea under the 1994 Agreed Framework with the Clinton Administration, would have increased the nation’s power supply by as much as 50%. (These reactors were to be built in exchange for freezing construction and op-

eration of nuclear reactors suspected of being part of a covert nuclear weapons program, and for allowing IAEA inspectors into the country, among other things.) When the Bush-Cheney regime came to power, it quickly scrapped the entire Agreed Framework, and construction of the two 1,000 MW reactors was terminated. The Agreed Framework, together with Obama's "strategic patience" policy toward the North, essentially allowed Pyongyang to proceed in building nuclear weapons. North Korea's building of nuclear weapons with a missile delivery system, in turn, was used by the Bush/Obama administrations to justify a build-up of U.S. nuclear forces around China and Russia's Far East, under the false argument that it were needed to defend against North Korea.

North Korea is rich in valuable minerals, which could quickly provide Pyongyang with a source of foreign currency needed to sustain the reconstruction process. Zinc, rare earth metals, limestone, manganese, copper and other metals have been estimated by South Korea's national mining company to have a potential value of \$6 trillion. Brown notes, however, that the mines also suffer from neglect, in part due to the lack of electricity needed to prevent flooding.

North Korea has excellent ports, especially on its east coast. The port in the city of Rason in the far north-east, which borders on both Russia and China, has been expanded and modernized over the past decade by both Russian and Chinese interests. While China built a modern road from Jilin Province to the port, providing access to the sea from the land-locked province, Russia reconstructed an old rail connection from Vladivostok to Rason.

In an extremely important experiment in cooperation, Russia, North Korea, and three leading South Korean companies (Hyundai Merchant Marine, steel giant POSCO, and the state rail company KORAIL) formed the Rason Consortium in 2013, which began to ship Russian coal to the port at Rason. The coal was then loaded onto South Korean Hyundai Merchant Marine ships, which took it to South Korea, whereupon it was then transferred onto KORAIL trains for delivery to POSCO steel plants and other locations—a model of the kind of cooperation by which North Korea could be integrated into regional development in a win-win fashion to benefit all parties.



EIRNS/Alan Yue

Korean ports (anchor symbols) and special economic zones (dollar signs).

Progress Toward Cooperation and Peace

Unfortunately, in 2015, President Obama pressured then South Korean President Park Geun-hye to shut down all cooperation with the North, following one of North Korea's (fully predictable) nuclear weapons tests. As a result, the entire Kaesong Industrial Park north of the DMZ, involving 123 South Korean firms with North Korea workers, was summarily closed, while the Rason Consortium also collapsed, although Russia still exports coal to China through the Rason connection.

The impeachment and removal of President Park from office in 2017 was primarily due to a complex corruption scandal. Her decision to shut down all economic relations with the North did inflict serious damage to South Korean businesses and went against the desire for peace between North and South Korea in the South Korean population, contributing to popular support for the impeachment action.

President Moon, who was elected in a special election in May 2017 following Park's impeachment, is committed to reopening and expanding the "Sunshine Policy" projects with the North, and much more, although the UN sanctions must be lifted before they can begin. On June 22, 2018, soon after his summit with Kim, and Trump's summit with Kim, Moon visited Moscow. Speaking to the Russian Duma (the lower house of the Federal Assembly), he said:

Regarding Korea-Russia cooperation as the cor-

nerstone of peace on the Korean Peninsula and prosperity in Northeast Asia, I have made wholehearted efforts thus far. Immediately after I was elected President, I spoke by phone to President Putin and sent a special envoy to Russia, the first of such kind by a Korean President, to discuss how to work together

for the peaceful resolution of the North Korean nuclear issue and the development of the Russian Far East. In addition, I established the Presidential Committee on Northern Economic Cooperation exclusively charged with economic collaboration with Russia to be in step with the Ministry for Development of Russian Far East. . . .

The potential of Russia lies in the deep understanding of human beings. That became the strength of the Russian people who never cave in to any challenge or difficulty. . . . Like the people of Russia, Koreans are very strong mentally, too. I think this is the reason why our two peoples love Tolstoy. . . . The dreams of our two countries for the Russian Far East are not different. Striving for peace and prosperity in Eurasia is a mission entrusted to us by the peoples of our two nations.

President Moon then described the historic transformation taking place on the Korean Peninsula, adding:

The active support and cooperation of the Russian Government and people have become a huge force behind this amazing transformation. . . . I hope that South and North Korea will be able to join in developing the new potential of Eurasia and achieving mutual prosperity of the region. . . . If the wisdom of North Korea as well as of Russia and South Korea are combined, the dream for a Eurasian era as vast as the Continent will unfold.

On May 31, Russian Foreign Minister Sergey Lavrov visited North Korea, meeting with Chairman Kim, the first Russian official to meet with Kim since he came to power in 2011.

In an interview with China Media Group on June 6, preceding his visit to China for the Shanghai Coopera-



Kim Jong-un (first right) meeting with Sergey Lavrov, Russian Foreign Minister (fourth left), in Pyongyang, North Korea, May 31, 2018.

tion Organization summit, President Putin said he looked forward to the Trump-Kim summit, adding: “I do hope that the courageous and mature decision to hold a personal meeting with the North Korean leader Kim Jong-un . . . will take place—we will all be waiting for it to produce positive results.” He noted that he and Xi Jinping had put forward a joint road map for peace and security in Korea, which included a “double freeze”—that is, for North Korea to freeze all nuclear weapons and missile tests, and for the United States and South Korea to freeze major military exercises, for as long as constructive negotiations and positive actions were taking place.

In fact, this is precisely what has been implemented by Kim Jong-un since the beginning of the year, and by Donald Trump following the June 12 summit with Kim.

Putin also said that “the next stage is multilateral participation of all the interested states,” adding that he looked forward to restoring the “trilateral economic projects between Russia and the northern and southern parts of the Korean Peninsula. These will be chiefly infrastructural projects. We are talking about the construction of a railroad (and by the way, China could join these projects as well), between Russia and North and South Korea. We are talking about the installation of a gas pipeline,” and other energy projects. In fact, on June 15, Gazprom announced that it had resumed talks with South Korea on building a gas pipeline through the North—a plan that had been initiated in 2011 but suspended when President Park shut down contacts with the North in 2015.

Putin has invited Kim Jong-un to Moscow; this visit is expected to take place before the end of the year.

China’s Role

With the collapse of the Soviet Union in 1991, China increasingly became the primary investor in, and trading partner with North Korea, importing huge quantities of coal and minerals, and providing North Korea with oil

and machinery. Charts in Brown's report show that in 2006—while South Korea was still trading with the North—China and South Korea together accounted for the vast majority of trade with North Korea. India, Russia, Thailand, Brazil and a few other countries were engaged with North Korea at a lower level. With President Park's shut-down of all business dealings with the North in 2015, the trade figures for 2016 show China with an incredible 91% of the total imports and exports of North Korea. Then, as China joined with the Trump-led sanctions imposed by the UN in 2017, China's trade with the North fell by nearly half.

Nonetheless, Kim Jong-un recognizes that China will be key to a North Korean economic transformation, bringing the New Silk Road process into the country and into the broader region. He has visited Xi Jinping three times since March, twice before the Trump summit and once the week after. It was reported this last week that Kim has invited Xi to attend the North Korean National Day, the 70th anniversary of North Korea's foundation on September 9, 1948. If Xi does attend, it would be the first visit by a Chinese president since Hu Jintao in October 2005, before North Korea began conducting nuclear and missile tests in 2006.

Also visiting Beijing last week, according to the *South China Morning Post*, was Ku Bon-tae, North Korea's vice-minister of external economic affairs, to discuss cooperation in agriculture, rail transport and electricity.

Moon Jae-in's 'New Economic Map Initiative'

When President Moon and Chairman Kim met at Panmunjom in the DMZ on April 27, Moon handed Kim a computer thumb drive containing his proposed plan for the economic cooperation between South and North Korea. On July 3, the plan was presented to the press, revealing that it goes beyond the joint development of North Korea, to include the integration of North and South Korea with China, Russia, and Central Asia and Europe. The plan presents the idea of creating a virtuous circle of peace and prosperity.

The two primary rail lines to be reconstructed along the now dilapidated routes built during Japanese occupation (1910-1945) will connect South Korea with China along the west coast, and with Russia along the east coast. The west coast line, called the "Yellow Sea



The Rason-Russia railway link, constructed by North and South Koreans along with Russians during the "Sunshine Policy" period between North and South Korea, extended a standard gauge line from Russia to Rajin Port in North Korea.

Industry/Logistics Belt," will pass through the North Korean capital, Pyongyang, then on to Sinuiju at the Chinese border, across the Yalu River from Dandong in China's Liaoning Province. China recently completed construction of the New Yalu River Bridge connecting Dandong to Sinuiju, to replace the aging Friendship Bridge built by the Japanese to connect Japanese-occupied Korea with the Japanese-occupied region of Manchuria (called Manchuko by the Japanese) in China's Northeast. The North Koreans have yet to build the necessary roads to connect to the new bridge.

The east coast rail line, called the "Pan-East Sea Energy/Resource Belt," will connect South Korea with the ports on the North Korean east coast, then on to Vladivostok, connecting there to the Trans-Siberian Railway. This will complete the concept first presented by Lyndon LaRouche in his 1993 proposal for the New Silk Road, "from Pusan to Rotterdam."

The South Korean proposed plan includes a third "belt"—the "DMZ Peace Belt," which calls for turning the DMZ, the mine-laden, four-kilometer wide region that has been a war-frozen zone for the past 68 years, into a cooperative space for ecological and tourist development.

The unity of all of Asia in building a region of peace through development, with the close participation of the United States, can and must be a model for Southwest Asia and other crisis spots around the world.

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