

Book Review

NKR publishes short summaries of all books received and complete reviews of selected books. Authors and/or publishers interested in having a summary or review of a North Korea–related book appear in our journal should send a complimentary copy to the book review editor. In addition, an unfortunate fact of the field of Korean studies in general is that there is a gap between scholars from different countries created by problems of Korean language ability or lack thereof. Therefore, NKR shall also, on occasion, consider for publication reviews written in English of North Korea–related books published not only in Korean but also Japanese, Chinese, and Russian. Reviews for other books not appearing on this list may be proposed and are subject to editorial approval. All reviews should be sent to the book review editor Bernhard Seliger (bjseliger@yahoo.de) and cc'd to the managing editor, Lonnie Edge (nkreview@yonsei.ac.kr). The books currently up for review are as follows:

- Bennett, Bruce W. *Alternative Paths to Korean Unification*. NBN, 2019.
- Cha, Victor. *The Impossible State, Updated Edition: North Korea, Past and Future*. Ecco, 2018.
- Fifield, Anna. *The Great Successor: The Divinely Perfect Destiny of Comrade Kim Jong-Un, Bright Sun of the Twenty-First Century*. Amazon, 2019.
- Fishman, John F. *Kim Jong-Un: Secretive North Korean Leader (Gateway Biographies)*. Lerner Publication, 2019.
- Gao, Bo. *China's Economic Engagement in North Korea*. Palgrave Macmillan, 2019.
- Haggard, Stephan, and Marcus Noland. *Hard Target: Sanctions, Inducements, and the Case of North Korea*. Stanford University Press, 2019.
- Hoare, James. *Historical Dictionary of the Democratic People's Republic of Korea*. 2d ed. Rowman & Littlefield, 2019.
- Jeppesen, Travis. *See You Again in Pyongyang: A Journey to Kim Jong-Un's North Korea*. Hachette, 2018.
- Sung-Chull, Kim, and Michael D. Cohen, eds. *North Korea and Nuclear Weapons: Entering the New Era of Deterrence*. Georgetown University Press, 2017.
- Kim, Youngjun. *Origins of the North Korean Garrison State: The People's Army and the Korean War*. Routledge, 2019.
- Yahuda, Michael. *The International Politics of the Asia-Pacific*. Fourth and rev. ed. Routledge, 2019.

A Most Enterprising Country: North Korea in the Global Economy

Justin V. Hastings. Ithaca, NY: Cornell University Press, 2016. 237 pp. 978-1-1507-0490-1.

This book, by Justin V. Hastings, greatly contributes to our understanding of the emergence and development of North Korea's trade networks and the country's



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international commercial activities. More specifically, it discusses questions such as where business outside of North Korea is done, how business is done, who is involved and what can be said about the interaction with non-North Korean, mainly Chinese, actors (p. xii). The study also illustrates fundamental changes in North Korea's economy and changing state-society relations. The analysis largely covers two time periods: the more "liberal" years between the end of the Cold War and 2005—the year when the public distribution system was (partly) reinstated—and the time period between the mid-2000s until about 2014, i.e., before further comprehensive United Nations Security Council (UNSC) sanctions were imposed in 2016 and 2017. The study is based on both secondary and primary sources; it draws on UN sanctions committee sources and interviews with informants in China, Hong Kong, South Korea and the United States. Newspaper articles are also used for the analysis.

The book opens with a discussion of the origins and development of trade networks in the post-Cold War context. While both "top-down" and "bottom-up" trade networks have their origin in the pre-1990s the so-called "semi-institutionalization" of coping mechanisms have accelerated since the famine years. In a detailed way, the author shows how North Korea's state-centered trade networks expanded through diplomatic outposts overseas and in sectors where it seemingly had competitive advantage (p. 37). During this time, private and hybrid traders were also able to build their own networks, often through ethnic ties. The second chapter focuses on state trading and how the changing international institutional environment (especially sanctions) impacted state trade networks. In order to survive, North Korean state enterprises adapted to the more hostile environment by—which seems to be a paradox—"integrating themselves even more deeply ... into flows of the global economy" (p. 72). Particular attention is paid to the role of ethnic Korean and Chinese intermediaries and Taiwan. The third chapter concentrates on private traders and "hybrid" entrepreneurs who involve "mixed private engagement and state resources" (p. 9). Two case studies are used to illustrate the decentralization of the North Korean economy: (1) the development of drug trafficking networks that operate without central state direction since the mid-2000s and (2) the expansion of North Korean restaurants abroad. As the analysis shows, entrepreneurialism among private citizens and hybrid actors has become "pervasive" (p. 98) even though DPRK authorities have been quite ambivalent about what appears to be an "unstoppable" development (p. 97). The fourth chapter deals with the investment climate in North Korea with a focus on trade promotion and special economic zones. Based on a more detailed discussion of two (failed) joint ventures with China, the author argues that "the very characteristics [...] that made North Korean officials entrepreneurial also inhibited their ability to attract foreign investors for projects within North Korea" (p. 153). This includes sudden changes in government policies, laws and nontransparent regulations. However, as the author shows, Chinese firms dealing with North Korea have adopted a number of strategies that allow for smoother cooperation. For example, joint ventures in less strategic industries can be profitable thanks to personal networks and higher levels of trust. In the conclusion, possible implications of the transformation of North Korea's economy, particularly

entrepreneurialism, for denuclearization, prospects of comprehensive economic reform and the future of the North Korean state are discussed. His assessment is not overly optimistic, and it remains to be seen to what extent the expansion of the informal economy that is accompanied by widespread corruption will result in a corrosion of political legitimacy.

The study is a very insightful and valuable addition to the existing body of literature on North Korea's illicit trade (e.g., Andrea Berger, "I. North Korea in the Global Arms Market," *Whitehall Papers* 84:1 (2015), pp. 12–34; Andrea Berger, *Target Markets: North Korea's Military Customers* [London: Routledge, 2016]; Sheena Chestnut, "Illicit Activity and Proliferation: North Korean Smuggling Networks," *International Security*, 32(1) (2007), pp. 80–111; Sheena Chestnut-Greitens, *Illicit: North Korea's Evolving Operations to Earn Hard Currency* [Washington: Committee for Human Rights in North Korea, 2014]) and the country's economic transformation and changes in state-society relations (e.g., Stephan Haggard and Marcus Noland, *Famine in North Korea: Markets, Aid, and Reform* [New York: Columbia University Press, 2007]; Byung-yeon Kim, *Unveiling the North Korean Economy: Collapse and Transition* [Cambridge: Cambridge University Press, 2017]; Phillip H. Park, *The Dynamics of Change in North Korea: An Institutionalist Perspective* [Seoul, Boulder/CO: Institute for Far Eastern Studies, Kyungnam University, 2009]; Hazel Smith, *North Korea: Markets and Military Rule* [Cambridge: Cambridge University Press, 2015]).

What started as a coping mechanism in the 1990s has resulted in the decentralization of North Korea's centrally planned economy—a development that seems to be irreversible. The marketization of North Korea's economy, at least of most of its sectors, has expanded to all levels of society. Furthermore, by focusing on trade networks and their adaptive ability, the book also greatly contributes to a better understanding of North Korea's deeper integration into the global economy and, thus, challenges the widely accepted perception of the DPRK as isolated. The fact that North Korea has been capable to engage in—what Hasting calls—"fairly sophisticated" international trade in a highly restricted and hostile environment is noteworthy, and the findings of this study provide useful indications on the effectiveness of international sanctions. In the face of an even more restricted environment after further UNSC sanctions were adopted in 2016 and 2017 (Resolutions 2321, 2375 and 2397), state and hybrid trade networks are likely to adapt even though transaction costs may have considerably increased.

The creativity and flexibility of North Korea's trade networks come with a high price and risk for foreign investors. Even if some of the hurdles—e.g., improvement of infrastructure, more legal and political security—are removed, pervasive corruption and the existing stigma about doing business in North Korea are likely to deter foreign investors in the future. Yet, there exist opportunities for business activities involving low capital costs. Personal networks prove to be a necessary though not sufficient condition for businesses to survive.

Furthermore, the study confirms earlier research about a lack of trust in the relations between North Korean and Chinese entrepreneurs. While the former fear

being “cheated by Chinese businessmen” (p. 90), the latter criticize the ruthlessness and untrustworthiness of North Korean officials (p. 148ff). The primary data collected for this study largely reflects Chinese perspectives but the focus on China is well explained and justified. However, the presence of Russia would have deserved a bit more attention, especially with regard to Rason. A reader who is not familiar with the topic could get the impression that China is the only actor in this area.

In sum, the book is highly recommended to readers interested in North Korea’s position in the global economy, DPRK–China entrepreneurial activities and, more generally, the country’s economic transformation. The study is also a very valuable resource for policy makers as well as students with some prior basic knowledge about North Korea.

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