

# **The Kim Jong-Un Regime's Survival Strategy and Prospects for the Future of North Korea<sup>1</sup>**

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## Abstract

The death of North Korea's dictator, Kim Jong-Il, on December 17, 2011 aroused much speculation concerning the future of North Korea under his hand-picked successor, Kim Jong-Un. In view of the young Kim's inexperience in political and military affairs, many wondered whether he would be able to consolidate his power as the new supreme leader of the North. At the same time, there was speculation on whether the change of top leadership would affect North Korea's domestic and foreign policies. Under Kim Jong-Il, the key strategy of regime survival was based on the nuclear weapons development program and on "military-first politics" while neglecting the economic needs of the North Korean people. The purpose of this paper is to examine the Kim Jong-Un regime's strategy for survival with an emphasis on three major strategic issues confronting the new North Korean government: (1) whether or not to retain its nuclear weapons program; (2) how to reform and revitalize its moribund economy; and, (3) whether or not to retain a policy of confrontation with South Korea. It is a basic contention of this paper that until such time as Kim Jong-Un consolidates his power, it is unrealistic to expect any major change in North Korea's existing strategy or policies. Rather, it is more likely that the new regime will introduce incremental changes, while justifying its actions by invoking the "final wish" of Kim Jong-Il. Any significant change is likely to come after the presidential elections in the U.S. and South Korea in the fall of 2012.

**Keywords:** Kim Jong-Un, "military-first" politics, North Korean economic reform, Kim Jong-Il, Jang Sung-Taek, Ri Yong-Ho

## I

The death of Kim Jong-Il on December 17, 2011, marked the end of an era in North Korea, as the dictator who ruled North Korea with iron fists for nearly two decades died of a heart attack. Kim's death aroused much speculation concerning the future of North Korea under his hand-picked successor, Kim Jong-Un. In view of the young Kim's inexperience in political and military affairs, many wondered whether he would be able to consolidate his power as the new supreme leader of the North, for unlike his father, he lacked sufficient time to prepare for his new role before his father's death. At the same time, many speculated as to whether the change in top leadership would affect North Korea's domestic and foreign policies. Under Kim Jong-Il, the key strategy of regime survival had been based on nuclear weapons development program and "military first politics," while neglecting the economic needs of the North Korean people. Will the new regime continue to pursue the "nuclear strategy" of its predecessor? Or will it opt for a more pragmatic and moderate strategy by giving up its nuclear ambition and seeking economic prosperity through internal reforms and external openings? Further, will North Korea adopt a policy of peaceful co-existence with South Korea instead of pursuing a policy of hostility and confrontation? These have become critically important questions.

The purpose of this article is to examine Kim Jong-Un's strategy for survival with an emphasis on three major issues confronting the new North Korean regime, namely the nuclear weapons program, economic reform, and inter-Korean relations. In order to produce with meaningful answers to these important questions, it will first examine the politics of the hereditary succession to power of Kim Jong-Un. It will be followed by an analysis of the key strategic issues confronting the new North Korean regime and the implications of the Kim Jong-Un regime's decision on these issues for the future of the Korean Peninsula.

## II

Political succession became the most urgent task for the North Korean regime in the aftermath of Kim Jong-Il's suffering of a stroke in mid-August, 2008. Kim's illness created serious political uncertainty in the North, as it occurred without designating a clear heir apparent. When he recovered, Kim Jong-Il quickly decided to designate his youngest son, Jong-Un (then 26), as his political successor in January, 2009.<sup>2</sup> From that time, Jong-Un was rapidly gloomed as his father's heir

apparent.

However, it was not until September 2010 that Kim Jong-Un was formally introduced to the world as his father's successor. At the Third Conference of the Korean Workers' Party (KWP) on September 28, he was appointed to several key positions in the ruling Communist party. First, on the eve of the party conference, he was named a four-star general in the Korean People's Army (KPA), even though he had very little, if any, military experience. At the conference itself, he was named a vice chairman of the ruling party's Central Military Commission (CMC), the highest military authority headed by his father. Additionally, he became also a member of the ruling party's Central Committee.

The rarely-held party conference was orchestrated by Jang Sung-Taek, Kim Jong-Il's brother-in-law, who has been in charge of North Korea's security and intelligence apparatus, starting in 2007, and was appointed to the National Defense Commission (NDC) as a vice-chairman on June 7, 2010.<sup>3</sup> His appointment to the powerful NDC vice chairmanship was preceded by the mysterious death of Ri Jeh-Gang, reportedly in a car accident in the beginning of June, 2010. Ri was powerful First Deputy Director of the Organization and Guidance Department of the KWP and a major rival to Jang. Apparently, Ri was eliminated from power so as to smoothen the process of hereditary succession of Kim Jong-Un.<sup>4</sup> It is widely known that Jang orchestrated the entire plan for Kim Jong-Un's political succession with Kim Jong-Il's approval.<sup>5</sup>

Following the party conference in September 2010, Kim Jong-Un began to increase his power. He accompanied his father frequently on field inspection tours in order to enhance his power base within the party, government agencies, and especially the military. As Kim Jong-Il's health seemed to hold up relatively well from 2010 to 2011, the process of transferring power to his son slowed down. To display his improved health, Kim Jong-Il took two long trips to China by train in 2010 and again twice to China in 2011 to meet with Chinese leaders. In addition, he also took a trip by train to Russia in 2011. Jong-Il also embarked on numerous "on-site" inspection trips to various government, military and industrial units in North Korea until the fall of 2011. As a result, his death on December 17, 2011, was unexpected.

In the aftermath of his father's death, Kim Jong-Un moved quickly to take over all top positions within North Korea's ruling party, military, and government. Shortly after his father's death, Kim Jong-Un assumed

the position of the Supreme Commander of the KPA on December 30. However, it was not until April 11, 2012, that Kim Jong-Un was officially installed as the supreme leader of the North Korean regime. At the Fourth Conference of the KWP, held on April 11, Kim Jong-Un was given the title of First Secretary of the Secretariat as a result of elevating Kim Jong-Il as the “Eternal General Secretary,” just as his grandfather (Kim Il-Sung) had been made “Eternal President” in 1998. In his capacity as First Secretary, Jong-Un controls the hierarchical apparatus of the entire KWP, including the five-member Presidium of the Politburo. In addition, he has succeeded his father as chairman of the Central Military Commission (KWP). Two days after becoming First Secretary, Kim Jong-Un was officially installed as First Chairman of the National Defense Commission (NDC), the supreme governing body in North Korea. Thus, he became the official successor to the late Kim Jong-Il, simultaneously holding all the top positions in the party, the military, and the government as his father had.

At the same time, there were a number of key appointments and promotions within the party to the Secretariat, Politburo, Central Military Commission, and functional departments. Particularly important was the appointment of Choe Ryong-Hae as director of the KPA General Political Department (or the military’s chief political commissar) and vice-chairman of the Central Military Commission. Choe was also appointed as a member of the powerful Presidium of the Politburo. His meteoric rise to power should be credited to Jang Sung-Taek, who had long been his political mentor.<sup>6</sup> It is widely speculated that Jang decided to place Choe in these powerful positions within the regime, instead of taking them himself, in order not to arouse unnecessary jealousy from his rivals. To be sure, Jang remained the real power behind the scene.<sup>7</sup> In addition to retaining the vice-chairmanship of the NDC, Jang became a full member of the Politburo, while his wife, Kim Kyong-Hui, was promoted as a secretary of the Secretariat (KWP). Another major appointment involved Kim Won-Hong as a full member of the Politburo and as the Minister of State Security. He is regarded as another of Jang’s close protégés. As expected, Ri Yong-Ho, Chief of General Staff of the KPA, retained the vice chairmanship of the Central Military Commission as well as the membership in the Presidium of the Politburo. Kim Jong-Gak, Minister of the People’s Armed Forces, was also elevated as a full member of the Politburo, as was General Hyon Chol-Hae, First Vice-Minister of the People’s Armed Forces, advanced to the Politburo. Ri

Myung-Su, Minister of Public Security, also became a full member of the Politburo.<sup>8</sup> Apparently, these are now the most powerful leaders of the new regime and will play the key roles in defending and running the Kim Jong-Un government.

By the summer of 2012, Kim Jong-Un had strengthened his grip on the North Korean military by assuming the title of Marshal of the Republic (DPRK), the highest military rank, and dismissing Vice Marshal Ri Yong-Ho from all positions, including Chief of General Staff of the Korean People's Army (KPA), Vice-Chairman of the Central Military Commission, and member of the Presidium of the Politburo. Ri was removed officially due to "illness" by the ruling party's Politburo which met on July 15, 2012. On the next day, the Politburo and the National Defense Commission (NDC) replaced him with Vice Marshal Hyon Yong-Chul as the new Chief of General Staff. The downfall of Ri Yong-Ho shocked many North Korean watchers as he had become one of the most powerful military leaders, handpicked as the North Korean Army's chief of general staff by Kim Jong-Il himself to advance the political succession of Kim Jong-Un in February 2009. Subsequently, he had emerged as one of the most powerful leaders after the death of Kim Jong-Il. Apparently, Ri was squeezed out of power by Jang Sung-Taek and Choe Ryong-Hae who wanted to curtail the power of the military in dealing with economic affairs, while strengthening the power of the ruling party and the government (i.e., the Cabinet) over the military. Ri is reported to have been "uncooperative" in the face of Choe Ryong-Hae's attempts to rein in the military.

As a result of the recent reshuffle of the top military leadership, Kim Jong-Un's overall power and prestige have been enhanced. In the aftermath of Ri's dismissal, it has become clear that no one can be spared from the purge if he or she is suspected of being disloyal or uncooperative to Kim. It is also clear that the removal of Ri has strengthened the power of the Jang Sung-Taek/Choe Ryong-Hae faction within the Kim regime. At the same time, the abrupt dismissal of Ri Yong-Ho, the most powerful military leader, by the Politburo indicates that the regime is moving toward the reestablishment of party rule over the military as was the case under Kim Il-Sung in the pre-1994 period.

The removal of Ri Yong-Ho could also have important implications for the Kim Jong-Un regime's domestic and foreign policies. Ri was the leader of the military hardliners who perpetrated a number of provocations, including the missile and nuclear tests in the spring of

2009 and the sinking of a South Korean corvette, *Cheonan*, and the shelling of Yeonpyong island in 2010. More recently, Ri and his supporters within the military insisted on the launching of the long-range rocket “Unha-3” in April 2012, which ended in a dismal failure. The removal of Ri is expected to help Jang Sung-Taek and his associates to adopt more pragmatic domestic and foreign policies in the future.

In spite of Kim Jong-Un’s inexperience in military and political affairs, the political transition from Kim Jong-Il to Kim Jong-Un has been quite smooth, thanks largely to Jang Sung-Taek who has been the chief guardian and advisor to Kim Jong-Un. All indications are that the survival of the Kim Jong-Un regime is no longer questioned, even if it will take time to streamline the operation of the new regime under Kim Jong-Un with the support of Jang Sung-Taek and his pragmatic faction. In the long run, however, the future of the new regime will be determined by whether or not Kim can tackle effectively three major strategic issues confronting North Korea, namely the “nuclear issue” with the U.S., North Korea’s stagnant and moribund economy, and Pyongyang’s hostile relations with South Korea. His success in dealing with these vitally important issues will determine not only the legitimacy and power of his regime but also the survival of the regime itself.

### III

Following Kim’s rise to power, many wondered whether the new regime would take up the nuclear disarmament issue before consolidating control. The statement issued by the National Defense Commission (NDC) immediately after Kim Jong-Un’s becoming “Supreme Commander” of the KPA on December 30, 2011, was not encouraging. In a statement, the NDC “declared solemnly and confidently that the foolish politicians around the world, including the puppet group in South Korea, should not expect any change from us.”<sup>9</sup> However, the Kim Jong-Un regime did signal its willingness to negotiate with the U.S. on the suspension of its nuclear program in exchange for food aid in January, 2012.

U.S.-North Korean negotiations on denuclearization had stalled after December, 2008 when North Korea walked out of the Six-Party Talks without accepting the U.S. demand to sign a verifiable plan on the dismantlement of its nuclear program. Beginning in the spring of 2009, Pyongyang resumed the operation of its nuclear facilities at Yongbyon, after expelling international inspectors and conducting a second nuclear

test in 2009. Furthermore, Pyongyang constructed a major uranium enrichment (HUE) facility by November 2010 in violation of several important international agreements, including the September 19 Joint Statement (2005) on the denuclearization of North Korea. As international sanctions imposed by the U.N. Security Council in 2006 and 2009, plus those of the U.S. and its allies, hit the North Korean economy hard, Pyongyang began to indicate its willingness to return to the Six Party Talks in hopes of removing the international sanctions and obtaining additional economic assistance from the international community.<sup>10</sup> However, largely because of the sinking of the South Korean warship, *Cheonan*, by North Korea and the North's shelling of South Korea's Yeonpyeong Island in 2010, there was no real progress.

By the spring of 2011, a three-step procedure for the resumption of the Six-Party Talks was agreed upon by the U.S. and other parties under Chinese mediation. In July 2011, while Kim Jong-Il was still alive, North Korea agreed with the U.S. to discuss confidence-building measures for the resumption of the Six-Party Talks. Those measures included the suspension of sanctions as well as food aid to North Korea in return for a moratorium on missile and nuclear tests, plus uranium enrichment.<sup>11</sup> However, there was no real progress at the first two rounds of talks, and the third one had to be rescheduled due to Kim Jong-Il's death. It was not until February 23-24, 2012, that the third talks between Pyongyang and the U.S. were held in Beijing. They were significant in that it was the first time the new North Korean regime met with the United States on the North's nuclear issue. The results were quite positive.

On February 29, North Korea announced that it would suspend its nuclear weapons tests and its uranium enrichment program and allow international inspectors to monitor activities at its main nuclear complex in Yongbyon.<sup>12</sup> In return, the U.S. agreed to send 240,000 metric tons of food (or nutritional supplements, rather than grains) to North Korea. The aid was expected to be delivered in monthly shipments of 20,000 tons over a year.<sup>13</sup> In addition, the U.S. State Department also announced Washington's willingness to "take steps to improve our bilateral relationship in the spirit of mutual respect for sovereignty and equality" and to allow cultural, educational and sports exchanges with North Korea.<sup>14</sup>

The "Leap Year" agreement, announced simultaneously by the U.S. and North Korea, was welcomed by many as a breakthrough that would

make it possible for the resumption of the stalled Six-Party Talks on the denuclearization issue. Clearly, the U.S. wanted to prevent the continuation of the North's nuclear weapons program, which had resumed in the spring of 2009 in violation of the September 19 (2005) Joint Statement. On the other hand, there was a pressing need for the new North Korean regime to secure as much food aid as possible from the U.S. in connection with the planned national celebration of the centenary of the birth of Kim Il-Sung on April 15, 2012.<sup>15</sup>

The optimistic mood generated by the February 29 agreement was dashed shortly thereafter in mid-March, when Pyongyang announced its plan to launch a satellite into orbit, utilizing a powerful rocket called "Unha-3." Although Pyongyang attempted to assure the world that it was a peaceful scientific endeavor, the U.S. and other powers regarded it as a disguised attempt to test a long-range ballistic missile in violation of international agreements.

Apparently, the rocket launch was designed as part of the important commemoration of the centennial of Kim Il-Sung's birthday (April 15, 1912). It was also to mark the beginning of a new era, an era of much-publicized "kansung daeguk" (Powerful and Prosperous Nation). To be sure, it was also designed to improve North Korea's long-range ballistic missile technology, which had failed in orbiting a satellite in previous tests from 1998 to 2009. In response to the warnings from the U.S. and others, North Korea contended that it enjoyed the sovereign right to explore the peaceful use of outer space as did any other country. Furthermore, Pyongyang maintained that the planned rocket launch was not violating the Leap Year agreement, despite the U.S. warning to the contrary. In an attempt to demonstrate its peaceful intentions, North Korea invited representatives of the international media from a number of countries. Amidst much fanfare and many expectations, North Korea launched the "Unha-3" rocket on April 13. However, it was a dismal failure as it exploded in mid-air barely 90 seconds after launching and fell into the Yellow Sea. North Korea acknowledged the failure of the rocket test four hours after the fiasco.

The failure of the missile test was a major blow to the prestige and reputation of the new regime which had boasted to its citizens and the international community about the rocket launch for nearly a month. In reaction to the rocket test, the U.S. decided to scrap the provision of 240,000 tons of nutrition, charging that Pyongyang had violated the February 29 agreement. Furthermore, the U.S. also took the case to the



U. N. Security Council (UNSC) for further sanctions against North Korea, pointing out that the launch violated resolutions 1718 (2006) and 1874 (2009) of the UNSC banning North Korea from engaging in such missile launching.

In a presidential statement issued by the UNSC on April 16, the Security Council condemned North Korea's actions as being in violation of the U. N. resolutions, urging Pyongyang to refrain further from such activities. The U.N. resolution was adopted unanimously by the 15 members of the UNSC, including China and Russia. In the beginning of May, the UNSC announced further that it was adding to its sanctions list three additional North Korean companies involved in missile development and sales, including a major bank and a trading company. Undaunted by the condemnation of the UNSC, Pyongyang declared its intentions to continue its missile research and development activities.

Meanwhile, in his first public speech on April 15, Kim Jong-Un assured North Koreans that the "military first" politics would continue under his rule.<sup>16</sup> In addition, in a clear reference to North Korea's nuclear program, he declared that the era in which foreign powers could intimidate and "blackmail" North Korea "with atomic weapons is forever gone."<sup>17</sup> He went on to say that "We must strengthen our military in every possible way and accomplish the goal of building a powerful and prosperous socialist state."<sup>18</sup> That remark appeared to reinforce the widespread view that Kim Jong-Un would keep the nuclear weapons program as well as the "military first" policy.

In addition, recent revisions to the North Korean constitution also strengthened the perception that the Kim Jong-Un regime was retaining the "nuclear strategy" of its predecessor. According to the text of the revised constitution, which was adopted by the Supreme People's Assembly in April 2012, North Korea was<sup>19</sup> a full-fledged "nuclear power," whose acquisition of a nuclear weapons capability was one of the greatest achievements of Kim Jong-Il.<sup>20</sup>

However, the Kim Jong-Un regime has not completely given up its willingness to resume talks with the U.S. on the nuclear issue. In fact, Pyongyang was reportedly willing to implement the Leap Year agreement, if the U.S. would implement its part of the original agreement. Such speculation became even stronger in the aftermath of the dismissal of Vice Marshal Ri Yong-Ho in July 2012, as he had been the leader of the military hardliners, who had insisted on the launching of the long-rang rocket in April against the wishes of the moderates within the Kim

regime. In fact, Pyongyang conducted a working-level talks with Washington in Singapore in early August, reiterating its position that unless the U.S. dropped its “hostile policy” toward North Korea, Pyongyang would not abandon its nuclear weapons program. In addition, Pyongyang demanded the replacement of the 1953 Armistice Agreement with a new peace treaty, the dissolution of the U.S.-ROK alliance, and the withdrawal of the U.S. troops from South Korea. However, in view of the forthcoming U.S. presidential election in early November, it is unlikely that the Obama administration will make more overtures for a deal involving food for the suspension of North Korea’s nuclear and missile programs in the near future. Already Mitt Romney, the Republican presidential nominee, has criticized the Obama administration’s “appeasement policy” of offering 240,000 tons of nutrition aid to North Korea in the Leap Year agreement. Under the circumstances, it seems logical to assume that any breakthrough in North Korea-U.S. negotiations on weapons of mass destruction (WMD) will have to wait until after the presidential election.

## V

Another major issue confronting the Kim Jong-Un regime is North Korea’s perennial economic stagnation and food shortage. As a result of North Korea’s prolonged economic difficulties following the collapse of the Soviet Union and Eastern European satellite states in 1990-1991, North Korea’s GDP (\$28 billion in 2010) remains virtually unchanged from 1990. Throughout the 1990s, North Korea recorded a negative growth rate annually. Although it was able to overcome the serious economic crisis of 1995-1998 in which over one million North Koreans are estimated to have died of starvation, nearly one quarter of North Koreans are believed to be still suffering from a severe food shortages. In addition, North Korea’s economy is burdened by a number of other serious problems, including an energy shortage and a lack of investment capital and advanced technology needed to revitalize its economy. North Korea’s economy recorded less than 3 percent growth from 2001 to 2008 and then dipped into the negative growth rate in 2009 and 2010.

In order to overcome these economic difficulties, stemming from its Stalinist command economy, North Korea will have to introduce comprehensive economic reforms based on the Chinese model as introduced in 1979 by Deng Xiaoping three years after Mao Zedong’s death. Under Mao, China was one of the poorest countries in the world.

As a result of the dismal failure of the Great Leap Forward Movement (GLF) from 1958-1960, over 20 million Chinese died of starvation. China's economy deteriorated further during the Cultural Revolution period (1966-1969), which encouraged radical Maoists to take over economic system, while purging numerous economic experts from the government and party. As a result, China's economy suffered further and was in shambles by the time of Mao's death.

When Deng consolidated his power in 1979, he introduced radical economic reforms under the slogan of the Four Modernizations Program (i.e., the modernization of agriculture, industry, science and technology, and national defense). Deng abolished the People's Communes (55,000 massive collective farms), hated by Chinese peasants. Instead, Deng introduced the household responsibility/contract system, which virtually privatized China's farming system. The result was incredibly positive. Following the first four years of the household responsibility system, in 1984 China's total annual grain production exceeded 400 million tons for the first time in the Chinese history (cf. 307 million tons in 1978), much greater than Mao Zedong's unfulfilled lifetime goal of 300 million tons per year.<sup>21</sup> In industry, Deng introduced a number of similar reforms to facilitate the modernization of China's industry (e.g., the industrial responsibility/contract system, industrial lease system, joint stock companies, etc.), giving material incentives to managers and workers. In addition, Deng liberalized the price of goods and products (except for a few key products) by letting the market, not the government, determine the prices of products and commodities. Deng also encouraged private enterprise in China; the reason Deng's economic system is called "market socialism."

In addition, under the open door policy, Deng set up special economic zones (e.g., Shenzhen) for foreign companies to invest by offering tax breaks and other incentives plus the guarantee of protection for their investments and allowing them to remit their profits to their home countries. As China provided excellent investment opportunities with almost an unlimited and cheap labor force, it was able to attract the largest amount of foreign direct investment (FDI) after 1980. In addition, China was also able to secure large-scale development loans from Japan and the U.S. after normalizing diplomatic relations with them. Japan alone provided more than \$30 billion in loans and grants to China, which helped China to build numerous modern industrial plants and facilities (e.g., the Baoshan steel mill).<sup>22</sup> In addition, major international financial

institutions, such as the World Bank, the IMF, and the Asia Development Bank, have provided massive developmental loans to China since the 1980s.

The results of Deng's economic reform have been phenomenal. China's GDP have grown at an average annual rate of nearly 10 percent from 1980 to the present, enabling China to replace Japan as the second largest economy in the world by 2011. To be sure, even today the share of state-owned industry in China's economy (i.e., approximately 30 percent) is much larger than that in the typical capitalist economy. However, it is remarkable that the private sector accounts for 70% of China's gross domestic product (GDP) in a nation which still officially claims to be communist.<sup>23</sup>

Under Kim Il-Sung and Kim Jong-Il, North Korea did not embrace or endorse Deng's economic reforms. Rather, they criticized Deng's policy as "revisionist" in nature, for it encouraged the revival of capitalism. North Korea under the Kim regime prided itself on a superior economic system, based on Kim Il-Sung's "juche" ideology, emphasizing self-sufficiency (or autarky) and government control of the economy through the nationalization of industries and the collectivization of agriculture as had been the case in Mao's China. In reality, it was a modified Stalinist command economy with an emphasis on the mobilization of the people for quick results. However, such an approach did not work in resolving economic problems in North Korea, and, as a result, that nation remains today one of the poorest countries in the world (i.e., \$28 billion in GDP in 2010).<sup>24</sup>

Another major factor which has depressed the North Korean economy under the Kim Jong-Il regime has been its "military first" politics and policy after 1995. Under the "military first" slogan, Kim Jong-Il decided to govern North Korea by making the military the most powerful instrument of the regime in dealing with both domestic and foreign challenges. In order to demonstrate the elevated position of the military, Kim Jong-Il established the National Defense Commission (NDC) as the supreme governing body of North Korea under his chairmanship. From 1998 to 2011, the National Defense Commission remained the supreme governing body of North Korea. Meanwhile, deviating from the practices in other Communist countries, the ruling Communist party was subordinate to the National Defense Commission.

Under "military first" politics, Kim Jong-Il allocated the lion's share ( i.e., around 30%) of North Korean GDP to building up the North

Korean military in general and the nuclear weapons and missile program in particular.<sup>25</sup> It is estimated that North Korea has invested more than \$6.5 billion to develop its nuclear weapons program in recent years.<sup>26</sup> In addition, Pyongyang reportedly spent more than \$850 million to launch the most recent “Unha-3” rocket on April 13, 2012.<sup>27</sup> Such a lavish allocation of scarce budgetary resources to the North Korean military has inevitably made it difficult for the regime to revitalize its economy. In short, because of the “military first” policy, the non-military segments of the North Korean society, especially the economic sector, suffered continuously under the Kim Jong-Il regime. This is why the much publicized “kangsong daeguk” has become an empty slogan.

When Kim Jong-Un took over, many wondered whether the new regime would adopt extensive economic reform to revitalize the North Korean economy so as to build “the Powerful and Prosperous Nation.” There were some encouraging remarks by Kim Jong-Un in this regard. For example, according to the *Mainichi Shimbun*, Kim Jong-Un reportedly said at a meeting with North Korean party officials on January 28, 2012, that they should “find reconstruction measures suiting the nation through discussion without taboos.”<sup>28</sup> Quoting a source within the KWP, the same Japanese newspaper reported that Kim gave the order that “people should be allowed to express their views on economic policy matters, and constructive suggestions or recommendations should be accommodated whether based on the economic practices of China, Russia or Japan.”<sup>29</sup> If the above-quoted remarks were authentic, it is not unreasonable to expect a more open-minded economic policy under Kim Jong-Un.

In a related move, Yang Hyong-Sop, vice president of the Presidium of the Supreme People’s Assembly, said in an interview with the Associated Press on January 16, 2012, that “Kim Jong-Un is focusing on building a knowledge-based economy and looking into cases of other countries’ economic reform including China’s.”<sup>30</sup> It is assumed that unless Kim Jong-Un has publicly made similar statements, high-ranking officials like Yang would not have spoken in this way to a foreign news agency.

In his first public speech, delivered on April 15, 2012, Kim Jong-Un declared that “It is the party’s steadfast determination to ensure that the people will never have to tighten their belt again. And make sure they enjoy the riches and affluence of socialism to their heart’s content.”<sup>31</sup> He went on to urge North Koreans to build the nation economically by

following the example of the South Hamkyong province in the North where the “flame” for industrialization has already been kindled.<sup>32</sup> Such a statement seemed to indicate that the young Kim was clearly aware of the seriousness of North Korea’s economic problems and was willing to improve the economy.

On June 28, 2012, the Kim Jong-Un regime issued new policy guidelines on economic affairs. Among other things, it allowed more independent power to the managers of economic enterprises and the sale of the products at realistic market rates. In addition, it called for reducing the size of the agricultural work team from the present 15-20 households to four to six and increasing the share of the crops to be kept by the peasants to 30 percent of the total. Reportedly, these measures were introduced to provide greater incentives to workers and peasants. Furthermore, the new regime introduced a number of crash programs to build children’s amusement parks, apartment buildings, hotels and other high rise buildings in Pyongyang. As a result, recent visitors to Pyongyang have been impressed by the improvement in the appearance of the North’s capital city.

In a related move, the new Kim regime has also established a task force within the government to tackle North Korea’s economic problems. At the same time, it has dispatched a number of key cadres to China to learn from the Chinese in dealing with economic management and reforms. There are also indications that both Jang Sung-Taek and Choe Ryong-Hae are serious in using economic reform to improve the living standards of North Koreans, for improving the economic situation is indispensable to strengthening the legitimacy of Kim Jong-Un’s regime.

More recently, Kim Jong-Un has attracted international attention because of some dramatic changes he has introduced in his leadership style. Unlike his father who shied away from public speeches, Kim Jong-Un has delivered a number of them, hugged ordinary people and soldiers, and allowed women to wear fashionable jeans and trousers. Perhaps as a result of getting part of his education in the West, he has appeared more tolerant of Western cultures, attending with his wife a concert of a newly formed musical band playing Western music and viewing a show featuring Disney characters. In addition, Jong-Un has repeatedly used the term “global standards” in connection with the need for the country’s modernization and improvements. These changes in style and appearance have raised hopes that the new North Korean leader will reform the economy and open up the country to the outside world.

However, it seems premature to expect either major economic reforms or openings of North Korea in general until the regime can consolidate its power in the military, party, and government. Until such time as the new regime feels strong enough to resist opposition or criticism from the entrenched power elites, Kim is not likely to adopt major policy changes. In view of the vested interest of the entrenched military leaders, it will not be easy for him to abandon the nuclear weapons program or the “military first” policy. Rather, he is more likely to pursue existing policy lines laid down by Kim Jong-Il, while introducing incremental changes gradually, justifying his actions frequently by invoking the “final wish” of the late dictator. That legacy was reportedly deposited on October 8, 2011, and was entrusted to his sister, Kim Kyung-Hui.<sup>33</sup>

Under the circumstances, Pyongyang will most likely try to revitalize its economy by introducing minor changes and securing increased economic aid from China. In fact, even before the death of Kim Jong-Il, North Korea had held a series of meetings with China, negotiating several major developmental projects, including a new container port in Rason in the northeastern corner. This port was designed for the shipment of several million tons of coal annually from southern Manchuria to the southern part of China via the Sea of Japan. Additionally, there are two other special economic zones to be built in the river islands located at the estuary of the Yalu River, namely Wiwhado and Hwanggumpyong.<sup>34</sup> In addition to building a new bridge connecting North Korea and China over the Yalu River and a new highway connecting southern Manchuria to Rason in North Korea, China has also been providing 90 percent of the North’s energy requirements plus nearly 50 percent of its food supplements to North Korea in exchange for various North Korean mineral products.<sup>35</sup>

It is doubtful, however, if China by itself can provide the sufficient capital and technical know-how needed by North Korea for building the “kangsong daeguk,” the “Powerful and Prosperous Nation”. Furthermore, North Korea’s excessive reliance and dependency on China alone may work against the national interest of North Korea, which has prided itself on the preservation of its sovereignty through an “autonomous” foreign policy under the “juchae” ideology. Already, there is speculation about the possibility of China’s “colonization” of North Korea as a result of China’s rapidly increasing control of key economic interests in North Korea (e.g., the exclusive right to extract

mineral resources, construction of container port in Rason, etc). In short, unless Pyongyang drops its “military first” policy in favor of an “economic first” one, no real economic revitalization can be expected in the near future.

## VI

The Kim Jong-Un regime must also make a critically important decision concerning North Korea’s future relationship with South Korea. North-South Korean relations have been virtually frozen since the establishment of the Lee Myung-Bak government in February 2008. Several major factors have contributed to the deterioration of North-South Korean relations since that time. First, North Korea was infuriated by the Lee government’s decision to stop providing massive economic assistance to the North, assistance which had been agreed to by President Roh Moo-Hyun and Kim Jong-Il at a Pyongyang summit meeting on October 4, 2007. In the agreement, Roh promised to provide massive economic assistance to the North, which would total over \$14.3 billion for the construction of nearly 50 major economic projects in North Korea.<sup>36</sup> However, following the inauguration of Lee Myung-Bak in February 2008, the new president refused to implement the October 4 Declaration unless North Korea abandoned its nuclear weapons program.

According to the Lee government’s “Vision 3000 through Denuclearization and Openness” plan, Pyongyang first needed to abandon its nuclear weapons program in accordance with the September 19 Joint Statement (2005) signed at the Six-Party Talks; then, Seoul would provide massive economic assistance (i.e., over \$40 billion) to North Korea in order to help raise North Korea’s per capita GNI from the then current level of less than \$1,000 to \$3,000 within ten years. North Korea however, rejected the “Vision 3000” plan because it contained South Korean demands for the “denuclearization of North Korea” as a prerequisite. In addition, the proposed plan also required North Korea to adopt economic reform and open itself to the outside world. Pyongyang not only rejected the “Vision 3000” plan but also demanded the implementation of the October 4 agreement (2007).<sup>37</sup>

Second, Pyongyang has also been greatly displeased with the Lee government’s strong pro-American foreign policy, one which has sought to revitalize and upgrade the ROK-U.S. alliance to counter Pyongyang’s growing threat to South Korea.<sup>38</sup> Pyongyang has repeatedly denounced Lee’s pro-U.S. and “anti-North Korean” policy, contending that Lee has



been “trying to overturn everything that has been achieved between North and South” since the signing of the June 15 Joint Declaration in 2000. Under left-leaning Presidents Kim Dae-Jung (1998-2003) and Roh Moo-Hyun (2003-2008), South Korea’s relations with the U.S. deteriorated, largely because of the growing disagreement between Seoul and Washington on the proper policy and actions toward Pyongyang’s nuclear weapons program. However, as a result of the Lee government’s cooperative policy with the U.S. in dealing with North Korea, the ROK-U.S. alliance has been greatly strengthened. As a result, the U.S. demonstrated its determination to defend South Korea from the North by extending the nuclear umbrella over South Korea and dispatching a naval task force to deal with the North’s provocations in 2010. In response, Pyongyang condemned the Lee government as a “puppet regime” of the U.S.

North Korea was also irritated by frequent U.S.-South Korean joint military exercises which were designed to cope with possible attacks from the North. Since North Korea regards the presence of the U.S. troops as the major obstacle to the realization of its goal of communizing South Korea, Pyongyang will continue its attempts to bring about the withdrawal of U.S. troops from the South through various tactics, such as the signing of a peace treaty with the U.S. to replace the 1953 Armistice Agreement. Pyongyang will also attempt to instigate anti-American demonstrations in the South to weaken the U.S.-South Korean alliance.

Third, Pyongyang has also been irritated by the Lee government’s anti-Communist policy, openly criticizing Pyongyang for serious human rights abuses. Unlike its two immediate predecessors, the Lee government has actively supported the adoption of U.N. resolutions condemning North Korean human rights violations. In addition, Pyongyang was also offended by the Lee government’s allowance of anti-North Korean activities initiated by North Korean defectors and other human rights groups. Those actions included dropping propaganda leaflets against the North Korean regime from balloons sent from the South.<sup>39</sup> In addition, Pyongyang was also critical of Lees’ resumption of prosecuting the subversive activities perpetrated by pro-North Korean elements in the South under the National Security Law. Under its two immediate predecessors, there were relatively few attempts to prosecute the pro-Pyongyang groups’ subversive activities in the South. In addition, very few North Korean agents or collaborators were either arrested or prosecuted under the Kim or Roh governments.

The Lee government has also restricted the visits of pro-North Korean elements to Pyongyang. In retaliation, Pyongyang rescinded unilaterally numerous agreements signed between Pyongyang and Seoul. It also restricted the use by South Koreans of land routes connecting the two Koreas. In addition, it confiscated the expensive leisure facilities constructed and operated by the Hyundai business group in the Mt. Kumgang resort area in blatant violation of the original contract in which Pyongyang guaranteed those property rights for 30 years.<sup>40</sup> North Korea also confiscated a new modern building built in the Mt. Kumgang area by the South Korean government, to be used as meeting place for the families separated by the Korean War.

North Korea also resorted to a series of serious military provocations toward the South, including the sinking of a South Korean warship, *Cheonan*, on March 26, 2010, and the shelling of South Korea's Yeonpyeong island on November 23, 2010, in clear violation of international agreements, including the Armistice Agreement of 1953 and the North-South Basic Agreement on Reconciliation, Cooperation and Nonaggression (1992). In retaliation, the Lee government suspended the South's trade with North Korea on May 24, 2010. As a result, North-South Korean relations were not only severely strained but virtually frozen at the time of Kim Jong-Il's death in December 2011.

Following Kim's death, the new North Korean regime made it clear in a statement issued by the National Defense Commission (NDC) on December 30 that there would be no change in Pyongyang's existing policy toward the Lee Myung-Bak government. Furthermore, in the same statement, the NDC condemned South Korea's decision not to send an official condolence delegation to Pyongyang in connection with Kim Jong-Il's funeral. It went on to say that Pyongyang would make the Lee government "pay till the end for the eternally unforgivable sins they committed."<sup>41</sup> Starting with the 2012 New Year's Joint Editorials, North Korea took up the issue of condolence again, insisting that the Lee government had become an object of stern condemnation for its failure to express proper condolences to the Kim family. Pyongyang continued its denunciation of the Lee government's lack of "respect and propriety" in connection with the funeral of Kim Jong-Il, insisting that the Lee government would have to pay for its "high treason"<sup>42</sup>

Another action infuriating the North Korean regime was the use of the portraits of Kim Jong-Il and Kim Jong-Un in target practice by some South Korean military units and destroying or damaging the images of

the Kim's in the South. North Korea declared its intention to avenge the insulting acts. North Korea also reacted angrily to President Lee's criticism of North Korea's collectivization of agriculture and the existence of outdated collective farms in connection with the North's perennial food shortages.

In the spring of 2012, North Korea's official media stepped up its campaigns against the Lee government, denouncing it as a "traitor's group" and pledging not to "deal" with it ever again. Furthermore, Pyongyang also threatened to destroy South Korea's presidential "Blue House," as well as several conservative daily newspapers in Seoul. In addition, North Korea threatened to destroy South Korea itself in a matter of "a few minutes" if the war broke out between the two Koreas.<sup>43</sup>

Such actions seemed to indicate that the Kim Jong-Un regime had given up any hope of improving the relations with South Korea so long as the Lee government remained in power. Starting New Year's Day in 2012, the North Korean media openly encouraged pro-Pyongyang elements to step up "anti-government struggle" in South Korea.<sup>44</sup> Moreover, there were clear indications that the North was attempting to help the opposition parties win the 2012 parliamentary elections in April. However, in spite of Pyongyang's attempts, the ruling *Saenuri* party (or the New Frontier Party) won a slim majority (i.e., 151 out of 300 seats), defeating the major opposition, the United Democratic Party, in those elections. The only consolation Pyongyang received from the elections was to see the left-wing United Progressive Party (UPP) elect 13 radical members to the National Assembly (ROK). The UPP delegation included several members who had been convicted previously for either collaborating with the North Korean Communist regime as secret agents or for committing other pro-Communist subversive activities in violation of the South's National Security Law.

In spite of its failure to defeat the ruling *Saenuri* party, North Korea continued gearing up its activities to help elect the major opposition party's candidate in the December 2012 presidential election. Under the existing South Korean presidential system, whoever wins the presidency will have the power to make South Korea's foreign policy for the next five years. Accordingly, North Korea is stepping up its activities to help elect the candidate of the major opposition party in South Korea.

In a related move, an all-out campaign to denounce and blame the Lee Myung-Bak government for the deterioration of North-South Korean relations is also currently underway. By blaming the Lee government for

an overall deterioration of inter-Korean relations, Pyongyang is trying to strengthen the opposition party's attacks on the Lee government's North Korea policy. In addition, North Korea is also resorting to fear-mongering and intimidation in hopes of frightening South Korean voters from voting for the government party's candidate. Thus, North Korean propaganda has insinuated that the victory of the ruling party's candidate in the forthcoming presidential election will mean further troubles, possibly including all-out war between South and North Korea.<sup>45</sup> Such a naked attempt to interfere in South Korea's presidential election constitutes a serious violation of various inter-Korean agreements (e.g., the South-North Basic Agreement of 1992 and the June 15, 2000 South-North Korean Joint Declaration, etc.). If the past is any guideline, such efforts are likely to backfire by arousing the resentment of South Korean voters. It remains to be seen who is going to win the presidency in December.

## VII

From the foregoing analysis, a few conclusions can be drawn. First, until such time as Kim Jong-Un consolidates his power, it is unrealistic to expect any major change in North Korea's existing policies. Rather, it is more likely that the Kim Jong-Un regime will introduce minor incremental changes gradually, while invoking the "final wish" of his father, Kim Jong-Il, to justify its actions. Until such time as the Kim Jong-Un government gains more legitimacy and popular support, it will likely retain the strategy of developing nuclear weapons on the basis of the "military first" policy. In view of the power of the entrenched military leaders in North Korea, the new regime cannot survive without securing their approval and support. Moreover, in view of the forthcoming presidential elections both in the U.S. and South Korea, and the scheduled leadership change in China in the fall of 2012, it is unrealistic to expect any real change or breakthrough in North Korea's nuclear weapons program or the "military first" politics until the results of these elections become clear.

Second, in spite of young Kim's realization of the seriousness of North Korea's economic difficulties, it is more realistic to expect that the new regime will introduce incremental changes gradually in the hope to improve the livelihood of the North Korean people. In order to introduce a major economic reform, it is necessary for the new Kim regime to strengthen the power of the ruling party and the cabinet over the military.

The removal of Vice Marshal Ri Yong-Ho from the military clearly enhances the power of the pragmatic moderate faction headed by Jang Sung-Taek within the new Kim regime, making it more likely that they will have greater latitude in dealing with economic reform. However, it will require more than the removal of one or even a few military leaders from power to clear the way for such changes. North Korea must drastically revise the “military-first” policy in order to revitalize its moribund economy. Unless and until North Korea abandons its nuclear weapons program, Pyongyang cannot improve its relations with the U.S., South Korea, or Japan. And without rapprochement with these major economic powers, North Korea will not be able to secure the large-scale capital or technology needed for its economic take-off. Moreover, without mending fences with the U.S. and its allies, it is virtually impossible for Pyongyang to obtain required funds or loans from major international economic institutions such as the World Bank, the IMF, and the Asia Development Bank.

Under the circumstances, North Korea may attempt to introduce a gradual economic reform without really opening itself to the outside world, except for relations with its Chinese ally. However, China alone cannot provide sufficient economic assistance to revitalize the North’s stagnant economy and build the ‘kangsong daeguk.’ China’s economic aid will be limited to keeping North Korea alive economically but not adequate to provide the necessary funding for the North’s economic take-off. Until such time as North Korea drastically revises the “military first” policy and adopts far-reaching economic reforms and an open-door policy as China did under Deng Xiaoping, no real breakthrough in North Korean economy can be expected.

Third, regarding North Korea’s strained relations with South Korea, no real breakthrough can be expected until after the South Korean presidential election in December 2012. North Korea will attempt to help elect the opposition party’s candidate in the presidential election. However, such an attempt will likely have the opposite effect of helping the candidate of the ruling conservative party.

After the December 2012 presidential election, regardless of which party wins, it is generally expected that North Korea will make an overture to the South for economic assistance. Most likely, Pyongyang will also demand that Seoul implement the promises made by former South Korean presidents, Kim Dae-Jung and Roh Moo-Hyun in the June 15 Joint Declaration (2000) and the October 4 Declaration (2007).

Furthermore, North Korea will probably attempt to resuscitate the lucrative Mt. Kumgang Tour program which generated over \$50 million per year before it was suspended by South Korea due to North Korea's killing of a South Korean tourist in 2008.

However, unless Pyongyang abandons its nuclear weapons program, it will be quite difficult for Pyongyang to obtain any large-scale economic assistance from the South in the future. In view of the fact that Pyongyang diverted much of South Korea's economic aid to its military build-up, including the development of the North's nuclear weapons and ballistic missiles, most South Koreans oppose any large-scale economic assistance to the North. So long as Pyongyang retains its "nuclear strategy," South Korea will reject the North's request for economic assistance while strengthening its military ties with the U.S. to cope with possible threats from the North.

Fourth, even though the Kim Jong-Un regime may be able in the short term to "muddle through" with the existing strategy laid down by Kim Jong-Il, in the long run it will not be able to survive unless it adopts a new survival strategy. As a result of the rapid development of information technology in the 21<sup>st</sup> century, North Korea cannot be sealed off from the rest of the world indefinitely. Already, North Koreans are getting more "forbidden" information from abroad through internet links, mobile phones, foreign radio broadcasts, the North Korean expatriate community, and DVDs and CDs. Under the circumstances, the bamboo curtain of the tightly controlled totalitarian system is already becoming increasingly porous. As more North Koreans are exposed to the outside world, it will become more difficult for the new Kim regime to rule by relying upon sheer force or repression. Unless living conditions improve, many desperate North Koreans will seek a way out by becoming refugees (i.e., 300,000 in China) or defectors to South Korea (i.e., 24,000). In addition, one cannot rule out the possibility of an organized resistance movement against the Kim regime if the situation deteriorates further. In order to prevent the collapse of the regime, the new Kim regime will have to replace its strategy of trying to "muddle through" with a new one. It remains to be seen how the new Kim regime will map out its survival strategy in the future.

Under the circumstances, if the Kim Jong-Un regime is serious about realizing the dream of "kansung daeguk," it seems logical for it to replace its predecessor's "nuclear strategy" based on "military first" politics, an approach which brought about international sanctions and

isolation, deepening economic difficulties, and the escalation of conflict with South Korea. Pyongyang has to fulfill its commitment on denuclearization made in the September 19 Joint Statement (2005) in exchange for the provision of economic assistance and the normalization of diplomatic ties with the U.S. and its allies. North Korea should also introduce economic reforms and open itself to the outside world as China did under Deng Xiaoping. Without such drastic change, the regime cannot resolve its economic problems. In order to strengthen the legitimacy of his regime, Kim Jong-Un must revitalize North Korea's economy so as to improve the living standards of his people. Furthermore, the Kim Jong-Un regime will have to accept peaceful coexistence with South Korea by giving up the delusion that it can dominate or conquer South Korea by developing nuclear weapons. So long as South Korea maintains an alliance with the U.S., the most powerful nation in the world, it will be impossible for North Korea to take over South Korea by force.

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<sup>1</sup> Prepared for delivery at the 2012 International Conference on “The Korean Peninsula after the 2012 Presidential Elections in the U.S., S. Korea and Regional States” at the Sigur Center for Asian Studies, George Washington University, Washington, D.C. on June 27-28, 2012.

<sup>2</sup> Young-Jong Lee, *Kokeisha Kim Jong-Un [The successor Kim Jong-Un]* (Tokyo: Kodansha, 2011), p. 100. On January 8, 2009, Kim Jong-Il announced Kim Jong-Un as his successor to KWP officials.

<sup>3</sup> *Ibid.*, pp. 113-114. See also, Lee Young-Hwa, “Meiso. Kitachosen no ‘Kim Jong-Il go’ taisei o kaidoku suru [Confusion. To read the post-Kim Jong-Il system],” *Chuo Koron*, November 2010, pp.178-186.

<sup>4</sup> Young-Jong Lee, *op. cit.*, p. 116.

<sup>5</sup> *Ibid.*, pp.102-103, 113-115, and 180.

<sup>6</sup> “Kim Jong-Un dai ichi shoki no ‘haha’ wa dare? Miete kita shin taisei no kenryoku kozo [Who is the First Secretary Kim Jong-Un’s Mother? The visible emerging North Korea’s Power Structure],” *Sankei News*, June 2, 2012. See also, Park Hyeong-Jung, “Deciphering [the] Power Structure of Kim Jong-Un Regime,” *Vantage Point*, Vol. 35, No.6, June 2012, pp. 14-17.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*

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<sup>9</sup> *The Telegraph*, December 30, 2011.

<sup>10</sup> For a detailed analysis, see Hong Nack Kim, "U.S.-North Korean Relations under the Obama Administration: Problems and Prospects," *North Korean Review*, Vol. 6, No. 1, Spring 2010, pp. 20-36.

<sup>11</sup> *The Telegraph*, January 11, 2012.

<sup>12</sup> *New York Times*, February 29, 2012.

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> *New York Times*, January 11, 2012.

<sup>16</sup> "Puk Kim Jong-Un damhwa naeyong euro bon tongchi kusang [Kim Jong-Un's governing plan as seen from the content of his speech]," *Hankook Ilbo*, April 19, 2012.

<sup>17</sup> *New York Times*, April 16, 2012. See also, *The Telegraph*, April 15, 2012.

<sup>18</sup> *Ibid.*

<sup>19</sup> *DongA.com*, August 9, 2012.

<sup>20</sup> Akihiko Kaise, "N. Korea proclaims itself as a nuclear power in new Constitution," *Asahi.com*, May 31, 2012. ([http://ajw.asahi.com/article/asia/Korean\\_peninsula/AJ201205310066](http://ajw.asahi.com/article/asia/Korean_peninsula/AJ201205310066)) See also, "Kita Chosen kenpo ni 'kaku hoyukoku' meiki [The North Korean Constitution stipulates clearly that the DPRK is a 'nuclear armed state]," *Sankei News*, May 30, 2012.

<sup>21</sup> Tony Saich, *Governance and Politics of China* (New York: Palgrave MacMillan, 2004), p. 248. Slightly different figures are reported in a report prepared by Economic Research Service/U.S. Department of Agriculture, *China's Ongoing Agricultural Modernization: Challenges Remain After 30 Years of Reform*, EIB51 (2009), p. 5.

<sup>22</sup> From 1979 to June 2005, Japan provided approximately 3.133 trillion yen in loans and 145.7 billion yen in grant aid and 144.6 billion in technical cooperation. See Japanese Ministry of Foreign Affairs, "Overview of Official Development Assistance (ODA) to China, June 2005. [http://www.mofa.go.jp/policy/oda/region/e\\_aia/china/index.html](http://www.mofa.go.jp/policy/oda/region/e_aia/china/index.html)).

<sup>23</sup> Peter Engardio, "China is a Private-Sector Economy," *Bloomberg Businessweek*, August 22, 2005.

<sup>24</sup> U.S. Department of State, "Background Note: North Korea," April 12, 2012.



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<sup>25</sup> Dick K. Nanto, “North Korea’s Economic Crisis, Reforms, and Policy Implications,” in Young Whan Kihl & Hong Nack Kim (eds.), *North Korea: The Politics of Regime Survival* (New York: M. E. Sharpe, 2006), p. 119. See also, Greg Scalatou, “Kangsung Taeguk and Political Succession: Problems and Prospects,” *International Journal of Korean Studies*, Vol. XVI, No. 1, Spring/Summer 2012, p. 127.

<sup>26</sup> “Buk haek kaebal biyong 65 euk 8000 man dalla[North Korea’s nuclear development expenditures at 6.58 billion dollars],” *dongA..com*, May 3, 2012.

<sup>27</sup> Yonhap News Agency, “N. Korea’s Special Actions against South Korea,” *Vantage Point*, Vo. 35, No. 6, June 2012, p. 32.

<sup>28</sup> *Mainichi Shimbun*, April 16, 2012.

<sup>29</sup> *Ibid.*

<sup>30</sup> *Time World*, April 19, 2012.

<sup>31</sup> *Ibid.*

<sup>32</sup> Yonhap News Agency, “Kim Jong-Un’s First Work and State Policies,” *Vantage Point*, Vol. 35, No. 6, June 2012, pp. 26-29, esp. p. 28.

<sup>33</sup> Yonhap News Agency, “Kim Kyong-Hui: Full General of the People’s Army, Secretary of the Worker’s Party, [and] Member of the Political Bureau of the Workers’ Party,” *Vantage Point*, Vol. 35, no. 6, June 2012, pp. 24-25. For the contents of Kim Jong-Il’s “living will,” see Yoji Gomi, “Kim Jong-Il no yuigon [The last will of Kim Jong-Il],” *Shukan Bunshun*, April 19, 2012, pp. 34-37. It is reportedly based on the information secured by a South Korean think tank representative from a “reliable” North Korean source.

<sup>34</sup> Yong Sung Dong, “Kyongjae kangguk jinip shilpae: hwaekki jeok byonhwa kidae eoryeowo [Failure to emerge as an economic power: drastic economic changes are difficult to expect],” *Tongil Hanguk (The Unified Korea)*, May 2012, pp. 16-17.

<sup>35</sup> Kenei Shu, “Chugoku wa kita chosen o kaerareruka, [Can China change North Korea?],” *Sekai*, May 2012, p.47.

<sup>36</sup> For a detailed analysis of the agreement reached at the South-North Prime Ministerial talks on the basis of the October 4 agreement, see *Korea Policy Review*, December 2007, pp. 6-11. According to the ROK Unification Ministry, these projects would cost at least \$14.3 billion. *Chosun.com*, September 19, 2008.

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<sup>37</sup> For a detailed analysis, see Hong Nack Kim, “The Lee Myung-Bak Government’s North Korea Policy and the Prospects for Inter-Korean Relations,” *International Journal of Korean Studies*, Vol. XII, No. 1, Fall/Winter 2008, pp. 1-23, esp. 8-10.

<sup>38</sup> *Ibid.*, pp. 6-8

<sup>39</sup> Hong Nack Kim, “The Lee Government’s Policy toward the Denuclearization of North Korea and Its Implications for South-North Korean Relations,” *op. cit.*, pp. 45-46.

<sup>40</sup> *Korea Herald*, January 22, 1999.

<sup>41</sup> Kibum Han, “North Korea’s South Korea Policy: An Evaluation of Determining Variables and Prospects for 2012,” *International Journal of Korean Unification Studies*, Vol. 20, No.2, 2011, p. 60.

<sup>42</sup> *Ibid.*, p. 61.

<sup>43</sup> Yonhap News Agency, “N. Korea’s Special Actions against South Korea,” *Vantage Point*, Vol. 35, No.6, June 2012, pp. 30-31.

<sup>44</sup> Han, *op.cit.*, p. 62.

<sup>45</sup> “Buk ‘saenuridang jae jipkwon eun jeonjaeng...[“North Korea [declares that] ‘the Saenuri Party’s resumption of power will mean a war ...],” *Chosun.com*. June 16, 2012. See also, *Rodong Sinmun*, Editorial, June 15, 2012.