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The analyses, comments, and other opinions contained in this monograph are those of the authors and do not necessarily represent the views of the Korea Institute for National Unification.

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I . Introduction

1. Purpose

The United States removed North Korea from its list of state sponsors of terrorism as of October 11, 2008. It was the result of more than 20 years of strife with North Korea. The DPRK used brinkmanship tactics in order to survive the pressure from the United States and the development of nuclear weapons was its key tool. Internally, North Korea consolidated its regime through “Military-first Politics.” From a broader perspective, the survival strategy of North Korea seems to have been successful so far. The purpose of this research is to illustrate the survival strategy of North Korea since the launch of the Kim Jong-il regime in 1998 and to forecast its direction in the future.

2. Study Framework: Constructivist Approach

Upholding “Our Style of Socialism” as the noblest form of a

regime, North Korea has made various efforts in maintaining its regime after the collapse of the socialist bloc in the early 1990s. The most notable of them was to externally protect itself from the threats of the neighboring major powers by developing potent weapons such as nuclear warheads, to internally strengthen the ideological loyalty of the people through various discourses such as “Building of a Strong and Prosperous Nation,” “Military-first Ideology,” and “Military-first Politics,”¹ and to force South Korea

¹ Park Hyeong Jung, et al., *North Korea's Political System in the Kim Jong-il Era: Continuance and Changes in the Governing Ideology, Power Elites and Power System* (Seoul: KINU, 2004); Seo Yu Seok, *Study on North Korea's Military-first Discourse* (Doctoral Thesis, North Korean Studies Department, Graduate School of Dongkuk University, 2008); Lee Jong Seok, *Understanding of Modern North Korea-Revised* (Seoul: Yuksabipyungsa, 2004); Jeon Mi Young, *Kim Jong-il Regime's Understanding of the Political Situation: With Emphasis on Military-First Discourse* (Seoul: KINU, 2006); Ahn Chan Il, “Study on the Status of Military under the North Korean Military-first Political System,” *North Korean Studies Gazette*, Vol. 32, 2007; Yoo Ho Yeol, “Kim Jong-il's Military-first Politics: Its significance and Evaluation,” *Asia Pacific Regional Studies*, Vol. 2-2; Yoo Ho Yeol, “North Korean Politics in the Kim Jong-il Era: With Emphasis on Military-first Politics,” (North Korean Studies Society's 2004 Year-end Seminar, 2004.11.26); Kim Gu Seop, et al., *Prospect on Domestic and Overseas Policies with the Changes in the Status of the North Korean Military* (Seoul: KIDA, 1997); Jeong Hyeon Su, “Study on the Characteristics of the Military-first Politics of the Kim Jong-il Era,” *North Korean Study*, Vol. 5 (North Korean Studies Institute, Myungji University, 2002); Oh Il Hwan, “Study on Militarization of North Korea in the Kim Jong-il Era,” *International Politics Papers*, Vol. 41-3, 2001; Wada Haruki, *North Korea* (Seoul: Dolbaegae, 2005); Kim Yong Hyeon, “Study on North Korea's Militarization: With Emphasis on 1950s and 1960s” (Doctoral Thesis, North Korean Studies Department, Graduate School of Dongkuk University, 2001); “Military-first Politics and Political Changes of the Kim Jong-il Regime,” *Modern North Korean Studies*, Vol. 8-3, 2005; “Study on the Origin of North Korea's Militarization,” *Korean Political Science Association Review*, Vol. 37-1; “Contents and Characteristics of North Korea's Militarization in the 1950s,” *North Korean Studies Review*, Vol. 6-1, 2002; Ryoo Kil Jae, “The Rise of an Exceptional State: Militarism and the Expanded Role of Korean People's Army in North Korea,” edited by Choi Wan Kyu, *Study on the*

to side with the North, or at least, to stay neutral based on the “Grand National Alliance Theory.”

Although there have been numerous analyses on the “North Korean Phenomenon,” most of them are imperfect with the exception of a few. Most of them tried to find the root of all the North Korean issues from North Korea itself from the reductionist point of view.² The determinism approach, which attempts to find one cause in explaining a complex phenomenon, may lead to errors.

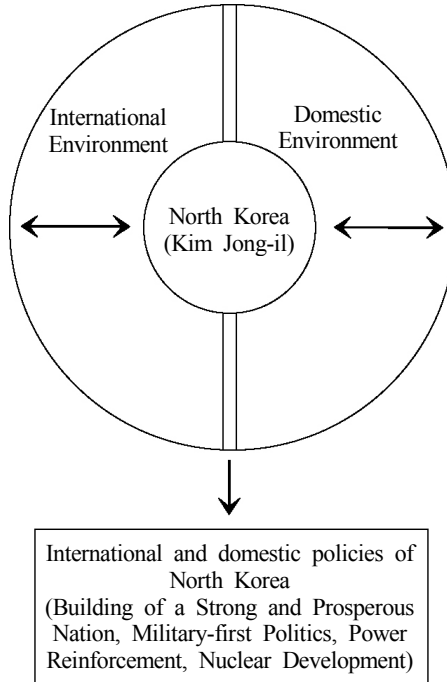
While structuralism is appropriate, the logic that North Korea does not have any self-determination is merely another form of reductionism. What North Korea is today is mostly the result of its own choices and decisions. Against such backdrop, approaches such as neo-structuralism, holism, constructivism, and complex system theory have emerged in order to observe both structure and individual. These approaches explain all phenomena as the interaction and communication between structures and individuals.

This research will examine the challenges of the United States and the responses of North Korea in order to analyze the non-linear, relativistic attitude of North Korea and to predict the future shape of the North Korean phenomenon. <Chart I-1> depicts the framework of this research.

Changes of the Characteristics of North Korea: Consolidation of the Exceptional State (Seoul: Hanul Academy, 2001); Jeong Young Tae, *Characteristics of the Kim Jong-il Regime and Policy Outlook* (Seoul: KINU, 2000).

² Almost all studies on North Korea fall into this category. They insist that all North Korean phenomena are the result of Juche ideology, single-leader dictatorship, feudal legacy, social control, etc.

[Chart I -1] Constructivist Analysis of the North Korean Phenomenon



II. Political Policy

1. Perception and Policies of North Korea after the 1970s

From the beginning of the 1970s, North Korea persistently pursued direct dialogue with the United States. At the 3rd session of the 5th Supreme People's Assembly on March 25, 1973, North Korea suggested direct negotiations with the United States and the replacement of the ceasefire treaty with the peace treaty. North Korea changed "the immediate withdrawal of the U.S.F.K (United States Forces Korea)" into one "as soon as possible." The United States rejected this suggestion by stating that the two Koreas should resolve the Korean peninsula issue on their own. At the joint session of Central People's Committee and the Standing Meeting of Supreme People's Assembly in January 1984, North Korea adopted a letter to the United States in which it suggested three-party talks.

However, North Korea's attempt to improve its relations with the United States failed due to the bombing of a KAL airliner in 1987. The United States designated North Korea as a state

sponsor of terrorism and started to impose sanctions.

In the face of total isolation, North Korea did its best to minimize the impact of the U.S. containment policy and to maintain “Our Style of Socialism” as well as the Kim Jong-il regime in the early 1990s. Since maintaining the regime was North’s priority that came before expanding the regime, it sought instead to adopt both aggressive and defensive policies at the same time.³

2. U.S.-DPRK Bilateral Relations for the Past Five Years⁴

The North Korean nuclear issue triggered direct talks between North Korea and the United States and is still the string that ties the two together. The North Korean nuclear issue, which emerged in the early 1990s, was initially resolved when the Agreed Framework was reached in October 1994 through the North-U.S. direct talk.

With the Perry Process in 1999 and the visit of Secretary of State Madeline Albright to North Korea in 2000, North Korea and the United States were on the verge of establishing the diplomatic relations. However, these attempts fell apart as George W. Bush, a strong conservative candidate, won the presidential election in 2001.

The second North Korean nuclear crisis began in October of 2002. The Bush administration, which adopted a strong containment policy from the beginning in January 2001, denied all previous

³ Huh Moon Young, *Characteristics of North Korea’s Diplomacy and Possibilities of Change* (Seoul: KINU, 2001); Chuck Downs, translated by Song Seung Jong, *Over the Line* (Seoul: Hanul, 1999).

⁴ The content is mostly historical facts. The materials from *Reunification Environment and South-North Korea Relations* and *Reunification Environment and South-North Korea Relations Outlook*, which are the KINU annual reports, and *North Korea’s Military-first Diplomacy* (Seoul: Myunginmunhwasa, 2008) by Suh Hoon are re-edited.

agreements based on the ABC (Anything But Clinton) principle and branded North Korea as part of the “axis of evil” in January 2005. After the delegation headed by Special Envoy James Kelly returned home after visiting North Korea in October of 2002, the United States announced that North Korea was operating a uranium enrichment program (UEP) against the Agreed Framework. Although the crisis reached its peak at this moment, it was saved from the worst possible scenario by the six-party talks, which began in 2003.

In September 2005, awareness of illegal transactions concerning Banco Delta Asia (BDA) and the DPRK further stalled the nuclear peace process.

The six-party talks went round in circles as North Korea responded tit-for-tat to the hard-line policy of the United States. As a result, the United States failed to stop North Korean nuclear development and the North went ahead and conducted a nuclear test in October 2006. The United States resumed direct talks with North Korea by the end of 2006, which resulted in the February 13 Joint Agreement in 2007 and the historic October 3 Agreement. However, denuclearization on the Korean peninsula was stalled again due to issues regarding the reporting of all nuclear programs including UEP, the nuclear connection between North Korea and Syria, U.S.-DPRK relations, and Japan’s opposition against the removal of North Korea from the list of state sponsors of terrorism.

In the year 2008, North Korea-U.S. relations were relatively smooth. Assistant Secretary of State Christopher Hill and North Korean Vice Foreign Minister Kim Kye Gwan reached the so-called “Singapore Agreement.” As the historic Nuclear Paper was submitted to China on June 26, the United States immediately started the process of removing North Korea from the list of state sponsors of terrorism. On June 27, North Korea demolished the cooling tower of the Yongbyon nuclear reactor as a “present.” October 11 was the historic day when North Korea was removed

from the list of state sponsors of terrorism. Consequently, North Korea resumed the denuclearization process on October 14. However, it is yet to be completed as of 2009 due to issues regarding sampling.

<Table II -1> and <Table II -2> are the summary of the virtuous cycle and that of the vicious cycle respectively in U.S.-DPRK relations for the past five years.

<Table II -1> Virtuous Cycle of U.S.-DPRK Relations

The United States		North Korea	
Date	Event	Date	Event
2003.01.06	Bush states intentions for non-aggression and conversation with North Korea	2003.04.12	Suggests that it will accept "multilateral talks"
		2003.04.23 ~25	Three-party talks (North Korea, China, the U.S.)
		2003.07.31	Announces its acceptance of multilateral talks
		2003.08.27 ~29	Six-Party Talks, 1 st round
2004.01.23	Suggests the possibility of direct talk between North Korea and the United States, should the Six-Party Talks resume	2004.02.03	Announces Six-Party Talks, 2 nd round
		2004.02.25 ~28	Six-Party Talks, 2 nd round
		2004.06.23 ~26	Six-Party Talks, 3 th round
2005.05.13	Suggests the possibility of direct talks between North Korea and the United States	2005.07.26 ~08.07	Six-Party Talks, 4 th round, Step 1
2005.05.31	Calls the North Korean leader by Mr. Kim Jong-il	2005.08.29	Announces to resume Six-Party Talks, 4 th round
2005.08.23 ~27	Hacker, Pritchard visit North Korea	2005.09.13 ~19	September 19 Joint Statement
2005.10.18 ~20	Chinese Ambassador Li Bin visits North Korea, and agrees to hold Six-Party Talks, 5 th round	2005.11.09 ~12	Six-Party Talks, 5 th round, Step 1

The United States	
Date	Event
2006.10.31	Three-party meeting in Beijing (North Korea, China, the U.S.)
2006.11.20	Bush states that the war will be over when North gives up the nuclear
2007.01.16 ~18	Berlin Agreement (U.S.-North Korea Three-party talks)
2007.03.19	United States to return all the frozen funds at BDA
2007.07.14	The first supply of heavy oil (50,000 tons) arrives at Port Sonbong
2007.12.03 ~05	Assistant Secretary of State Christopher Hill visits North Korea
2008.02.19	Hill and Kim Kye Gwan meet in Beijing to discuss the North's declaration of its nuclear weapons
2008.03.13 ~14	Hill and Kim Kye Gwan meet in Geneva to discuss the North's declaration of its nuclear weapons
2008.05.16	USAID under the State Department announces the plan for 500,000 tons of food aid to the North

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North Korea	
Date	Event
2006.11.01	Announces to return to Six-Party Talks under the condition that it will discuss and resolve the issue of financial sanction
2006.12.18 ~22	Six-Party Talks, 5 th round, step 2
2007.02.08 ~13	Six-Party Talks, 5 th round, step 3, and reach the February 13 Agreement
2007.03.19 ~22	Six-Party Talks, 6 th round, step 1
2007.07.14	Shutdown of the Yongbyon nuclear facility
2007.09.27 ~30	Six-Party Talks, 6 th round, step 2
2007.10.03	The Second Step to implement the September 19 Joint Statement (October 3 Agreement)
2007.11.04	Starts nuclear disablement at three nuclear facilities in Yongbyon
2008.01.04	Acclaims to submit the nuclear reports in November
2008.04.08	Singapore Agreement between Hill and Kim Kye Gwan, and reach a provisional agreement on the North's nuclear reports
2008.05.08 ~10	Submits documents on the operation of the Yongbyon reactor to Director of Korean Affairs Sung Kim
2008.06.26	Submits the nuclear reports
2008.06.27	Demolishes the cooling tower of the reactor

The United States		North Korea	
Date	Event	Date	Event
		2008.07.10 ~12	Representatives of Six-Party Talks meet in Beijing and agree on the completion of disablement, energy aid and principles of verification
2008.08.07	State Department Deputy Spokesperson raises the issue of verification		
		2008.10.01 ~03	Hill discusses the principles of verification
2008.10.11	Removes North Korea from the list of state sponsors of terrorism	2008.10.14	Resumes the process of disablement

<Table II -2> Vicious Cycle of U.S.-DPRK Relations

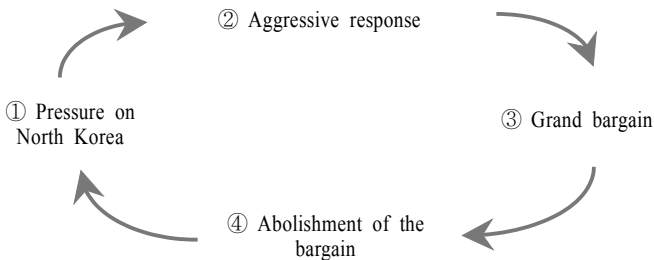
The United States		North Korea	
Date	Event	Date	Event
2002.10.16	The North announces its HEU development	2002.02.25	Denies the nuclear weapons development
2002.11.25	KEDO stops the supply of heavy oil	2002.12.22	Starts to lift the nuclear freeze
		2002.12.31	Expels IAEA inspectors
		2003.01.10	Declares to withdraw from NPT
2003.08.29	Asks for CVID (Six-Party Talks)	2003.08.30	Rejects Six-Party Talks
		2005.02.10	Announces the possession of nuclear weapons
		2005.05.11	Withdrawal of more than 8,000 spent fuel rods
2005.09.12	Designates BDA as an institution of money laundering concern	2005.10.18	The North insists that BDA sanction is as a pressure toward on North Korea to give up the nuclear program first
		2006.03.08 ~09	Launches short-range ground-to-ground missiles
		2006.07.05	Launches missiles
2006.07.15	Adopts UN Security Council Resolution 1695		
2006.08.10	Bush calls North Korea a kleptocracy		

The United States	
Date	Event
2006.10.14	UN Security Council adopts Resolution 1718
2008.06.28	Secretary of State Condoleezza Rice raises the issue of verification

North Korea	
Date	Event
2006.10.09	Announces the success of nuclear test
2008.08.26	Declares the discontinuance of disablement process
2008.09.19	Announces the recovery process of the Yongbyon nuclear facility

Meanwhile, North Korea responded tit-for-tat to aggressive remarks made by the United States. Externally, North Korea’s national strategy was to maintain its system and pursue development. On the other hand, its internal purpose was to protect Kim Jong-il. Despite the attitude of North Korea, the final outcome of removal from the list of state sponsors of terrorism was a non-linear development. This is entirely the result of the changes in U.S. policy toward North Korea. North Korea’s behavior toward the United States is summarized in the following <Chart II -1>.

<Chart II -1> The Cycle of North Korea’s Response to the U.S.



3. Discourse as the Response to the United States and Consolidation of the Kim Jong-il Regime

<Table II -3> is North Korea’s responses to the containment policy of the United States.

<Table II -3> Challenges from the United States to North Korea and North Korea’s Internal Responses

Challenges from the U.S. to the North		North Korea’s Responses	
Date	Event	Date	Event
2002.10.16	North Korea announces its HEU development		“Single-hearted unity”
2002.11.25	KEDO stops the supply of heavy oil		
		2003.01.01	Strengthening of defense industry
			Emergence of military-first ideology (emphasis on the fight against imperialism)
2003.08.29	Asks for CVID (Six-Party Talks)	2003.09.03	Reappointment of Chairman of National Defense Commission, Kim Jong-il, anti-Americanism
			Universal mandatory military service
		2004	Emergence of Military-first Era
			Strengthened social control (ban on cell phone use)
			Continued emphasis on anti-Americanism
		2005	Military-first Revolutionary March
2005.09.12	Designates BDA as an institution of money laundering concern		Social control through “Investigation Patrol to Conduct Surveillance on Illegal Activities”
		2006	Emergence of Military-first Philosophy
2006.07.15	Adopts UN Security Council Resolution 1695		Congress of Battalion Leaders and Battalion Political Leaders of People’s Army
2006.08.10	Bush calls North Korea a kleptocracy		Restoration of food rationing system
			Continued emphasis on anti-Americanism

Challenges from the U.S. to the North		North Korea's Responses	
Date	Event	Date	Event
2006.10.14	UN Security Council adopts Resolution 1718	2007	Continued extensive purge by Jang Song Thaek
			States strong opposition against opening
2008.06.28	Secretary of State Condoleezza Rice raises the issue of verification		Kim Jong-il points out the vices of market system
			National Party Cell Convention
			National Intellectuals Convention
			Ban on transaction activities by those under the age of 45
		2008.01	States the beginning of building a <i>Unified Strong and Prosperous Country</i>

A. Strengthened Discourse for Ideological Control

(1) Sophistication of the *Theory of Unified Strong and Prosperous Country*

North Korea used the expression *Strong and Prosperous Country by Juche* for the first time in *Rodong Sinmun* on July 22, 1997. The concrete details of Strong and Prosperous Country was suggested in a political article titled *Strong and Prosperous Country* on *Rodong Sinmun* on August 22, 1998, two weeks before the official succession by Kim Jong-il. The article stated that Strong and Prosperous Country construction line is a succession to the great work of Kim Il Sung, the pioneer of Strong and Prosperous Country. The North Korea regime claimed that Kim Il Sung was the pioneer of Strong and Prosperous Country and Kim Jong-il was the leader and the finisher of the great work.

Strong and Prosperous Country is defined by a Juche Socialist Power Country or a Leader (or *Suryong*)-centered Strong and Prosperous Country. A Juche Socialist Strong and Prosperous Country is a political and military power that is not subordinate to the control

of outside influence, a developed nation in all areas including politics, military, economy, and culture, and a nation where the people are happy. Leader-centered Strong and Prosperous Country is a nation that is pioneered, succeeded, and developed under the leadership of the leader.

By its definition, proper leadership, independent political philosophy, affluent ideological resources, and strong military power should be followed by rapid economic growth. The driving force behind the construction of Strong and Prosperous Country is to ideologically homogenize the whole nation with Juche Ideology and form a united front under the leadership of the leader. Strong and Prosperous Country was defined as a nation that is ideologically strong with the military as the main pillar of the revolution to achieve rapid economic development. North Korea also asserted that building an economic power is possible through self-reliance in accordance with the independent national economy line, death-defying strife, and dedicated efforts of the people.

According to this statement, building a Strong and Prosperous Country is possible when the whole society strives with an attitude and spirit of the military. In other words, building an economic power would be possible when the whole society and its people work together with revolutionary military spirit with the military on the front line of economic development.⁵

⁵ The analysis on the theory of Strong and Prosperous Country is based on: Kang Seong Jong, "Study on North Korea's Strategy to Build a Strong and Prosperous Country: With Emphasis on Economic Power" (Doctoral thesis of Graduate School of Gyeongnam University, 2003); Jeong Woo Gon, "National Development Strategy of the Kim Jong-il Regime: With Emphasis on Strong and Prosperous Country," *Korea and International Politics*, Vol. 20-4, Winter (2004); Cho Young Guk, "Political-economic Approach to toward the Theory of Strong and Prosperous Country and Military-first Politics," *Modern North Korean Studies*, Vol. 9-1 (2006); Kim Jae Ho, *Kim Jong-il's Strategy to Build a Strong and Prosperous Country* (Pyongyang: Pyongyang Publishing Company, 2000).

(2) Sophistication of Military-first Politics

In the face of the collapse of the socialist bloc in the late 1980s and the early 1990s and the first North Korean nuclear crisis, which started to emerge in the late 1980s, Kim Jong-il felt the need to strengthen national defense, especially with the development of nuclear weapons. In addition, after the death of Kim Il Sung in July 1994, he started to use the military as the tool for risk management. Starting in 1994, the regime began to mobilize the military to control the society, restore order, overcome the economic crisis, and carry out major construction projects.

Military-first Politics was conceptualized between October 7, 1997 and May 26, 1998. The concept emerged in 1997 and was suggested as the new mode of politics for Kim Jong-il in 1998. The concept was more sophisticatedly adapted after September 5, 1998 when the system of the National Defense Commission was established and Kim Jong-il was elected the Chairman of the National Defense Commission. As the theorization of the sophisticated Military-first Politics began in 2003, “Military-first Ideology” was introduced as Kim Jong-il’s ideology. The term was used in various forms such as Military-first Era in 2004, Military-first Revolutionary March in 2005, and Military-first Philosophy in 2006. <Table II -4> is the summary of its usage, mostly as used in New Year’s Joint Editorials.

<Table II -4> Changes in Military-first-related Terms in the Joint Editorials

Year	Expressions and Terms related to “Military-first”	New terms (*the year it was first used in <i>Rodong Sinmun</i>)
1995	“strengthening the People’s Army,” “political and military force,” “raising the spirit of putting military first”	
1996	“raising the spirit of putting military first”	

1997	<p>“The People’s Army is the pillar of our revolution and the main force to complete the great work of Juche,”</p> <p>“Our party’s ideology of putting military first”</p>	<p>“Pillar of revolution,” “Main force of revolution”</p>
1998	<p>“Revolutionary Army is the main-force unit for the revolution,” “The People’s Army is the pillar of the Socialism of our own style,”</p> <p>“Revolutionary army spirit”</p>	<p>“Revolutionary spirit of servicemen”* (1996)</p>
1999	<p>“Main-force unit for the revolution,”</p> <p>“Unity between the army and the people,”</p> <p>“Military-first revolutionary leadership”</p>	<p>“Military-first revolutionary leadership” * (1998)</p>
2000	<p>“Arms-first ideology,” “Military-first politics”</p>	<p>“Military-first Politics”* (1998)</p> <p>“Arms-first”</p>
2001	<p>“Spirit of human bombs,” “Spirit of suicidal attack,” “Military-first politics,” “Military-first way,” “Military-first revolutionary leadership,”</p> <p>“Military-first revolution”</p>	<p>“Military-first way”</p>
2002	<p>“Army-first ideology,” “Military-first revolutionary leadership,” “Military-first politics”</p>	
2003	<p>“Military-first politics,” “Military-first way,”</p> <p>“Military-first banner,” “Military-first ideology,”</p> <p>“Military-first leadership”</p>	<p>“Military-first banner,” “Military-first ideology”* (2001)</p>
2004	<p>“Military-first banner,” “Military-first revolution,” “Military-first era,” “Military-first ideology,” “Military-first ideology education”</p>	<p>“Military-first era,” “Military-first ideology education”</p>
2005	<p>“Military-first politics,” “Military-first era,”</p> <p>“Military-first revolutionary leadership,”</p> <p>“Military-first revolutionary march,”</p> <p>“Military-first ideology of Juche,”</p> <p>“Military-first ideology education”</p>	<p>“Military-first revolutionary march”</p>
2006	<p>“Military-first Joseon,” “Military-first politics,”</p> <p>“Military-first era,” “Military-first revolutionary march,” “Military-first ideology education,”</p> <p>“Military-first philosophy,” “Military-first cause”</p>	<p>“Military-first philosophy,” “Military-first cause”</p>

Source: Jeon Mi Young. *Kim Jong-il Regime’s Understanding of its Environment: With Emphasis on Military-first Discourse* (KINU Policy Research Series 06-09, 2006), p. 13.

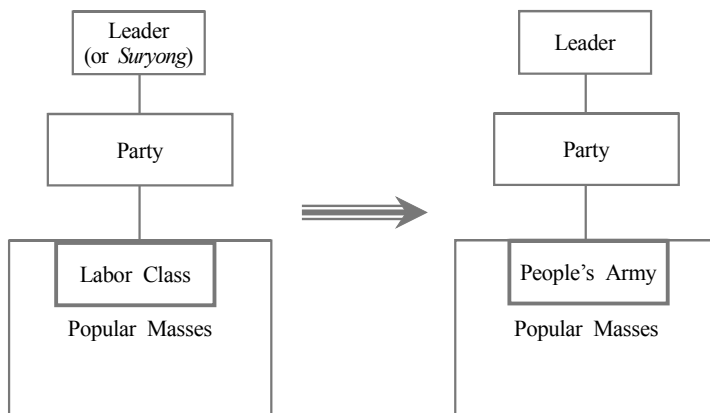
Military-first politics is a political method of mobilization, using the army in order to complement the risk management by Korean Workers' Party. In North Korea, the role of Korean Workers' Party was to supervise and lead the execution of policies, and the Korean People's Army played a key role in military and national defense under the party leadership. Even in the face of the national crisis, the functions of the party and the army remained the same.

Military-first politics does not signify an army-centered political system, but a system that mobilizes and uses the army to complement the risk management of Korean Workers' Party under the Leader System, prioritizing military and national defense policies. The army did not replace the party in terms of the function and the role but partially complemented safeguarding the regime and executing the risk management policies of the party.

What must be noted is the fact that Labor Class as the Main Force Theory was replaced by People's Army as the Main Force Theory as shown in <Chart II-2>. However, while North Korea branded the People's Army as the main force for the revolution, it warned itself against the predominance of the army by emphasizing the unity of the leader, the party, the army, and the people.⁶

⁶ Korean Workers' Party Central Committee, Institute of Party History Research, *Military-first Politics of Our Party* (Pyongyang: Korean Workers' Party Publisher, 2006), p. 119.

<Chart II -2> The People's Army as the Main Force Theory



Source: Oh Kyung Sup, “Study on the Characteristics of Military-first Politics,” (Doctoral thesis at the Graduate School of Korea University, November 2008), p. 119.

B. Strengthening of Kim Jong-il Regime

(1) The Characteristics of the Recent Changes in the Power Structure of North Korea

North Korea went on to confront the United States without scruple because Kim Jong-il and his regime had to be safeguarded. That was why all entities of North Korea fulfilled their obligations to defend Kim Jong-il at any sacrifice. However, the Korean Workers' Party, which had to take the lead in doing so, did not cope with the task after the economic crisis.

North Korea lodged more power in the National Defense Commission through the revision of the constitution in 1998, and then switched to a system in which the Chairman of the National Defense Commission holds general rule over the country. More than anything else, North Korea has elevated the National Defense Commission to the status of the New National Leadership System

for the past 10 years. This means that “the highest guiding organ of the military and the managing organ of military matters” in the 1998 Kim Jong-il Constitution evolved into a national leading organ that presides over the areas including national defense, politics, economy, and diplomacy.

It should be noted that the term “leadership,” which suggests the status of the National Defense Commission. North Korea has always been made a clear distinction between the term “leadership” and “guidance.” “Guidance” is a generally used term, which means “to teach and assist in the right direction.” On the other hand, “leadership” has a specific meaning of “politically” leading and guiding a certain class, organization, or people in a revolution and mobilizing and organizing them for war, thereby leading them to victory. In this respect, the fact that the highest guiding organ of the military has evolved into a new national leadership system means that the status and the authority of the Chairman of the National Defense Commission was elevated from the status and the roles of a guider to those of a leader. Moreover, from the fact that the role and the status of the leader can only be granted to the Leader, the system centered on the National Defense Commission can be seen as a system where the Leader/ Chairman presides over the leader’s undertakings through the National Defense Commission as well as the Party. This also means that the past leadership system of “Leader→Party→Country” has turned into a dual leadership system of “Leader→Party” and “Leader→Country (National Defense Commission).”

4. Future Prospect for Political Policy

A. Emphasis on Military-first Ideology within Juche Ideology

Juche, which is the absolutist ideology of Kim Il Sung and Kim

Jong-il, will be maintained. However, the regulative force is likely to be stated through more specific slogans rather than the abstract ones of Juche Ideology. Reinforcing measures for Juche Ideology could also emerge. After the experience of the “Arduous March,” proper, systematic education might have not been provided to the North Koreans, especially those in their 20s to 40s, due to the loosening of social organizations and insufficient social institutes. That is why ideological armament will continue to be emphasized in the future.

B. Continuance of the “Party-dominance, Military-first” Politics

Over all, it is likely that the party structure will be streamlined and adjustments will be made to eliminate redundant, unnecessary departments. However, it is possible that the Organization and Guidance Department and the Propaganda and Agitation Department of the Central Committee will be given more power. The Organization and Guidance Department and the Propaganda and Agitation Department have a possibility of continuing to play important roles in party structure management and ideological and theoretical work respectively.

The administration’s function of controlling and managing the whole society will also be made stronger. A stronger administration is needed to protect the “actual interest,” to prevent social disintegration, and to reinforce control over non-socialist social phenomenon. Yet, it is impossible to predict whether the current system of “General Secretary-Politbureau-Secretariat-Technical Departments” will change in the process of restructuring. The current system, which gives centralized authority to General Secretary, was established at the 1966 Conference of Party Delegates.

The organization of the party could also be restructured regarding the succession. If the system evolves into a collective leadership

system, it will form a collective leadership structure with a representative rather than a vertical structure. If North Korea chooses to move on to a single successor system, the current party structure is likely to remain the same.

Since most party officers today are those who were put in their positions in the 1980s or the 1990s, a generation shift is inevitable in the future. In this regard, the generation shift is likely to be a way that can politically support the pursuit for “actual interest.” There is a large possibility that the old party officers will be replaced by the next generation officers at the 7th Congress of the Party. After all, the party’s role as a guider will remain unchanged.

C. Continuous Support of Power Elites mainly based on their Loyalty

The elite community in North Korea is very closed. In addition to loyalty, political class origins are important. Recently there is a preference for anti-Japanese resistance fighters and their descendants, participants in the Korean War, various types of heros, and those people with college or graduate degrees. Due to the closed nature of the elite community, the issues of bureaucrats and middle-level officers loom large. Although Kim Jong-il is recruiting competent young people with an emphasis on merit system (called *Shilyeokron*) to resolve this issue, the overall trend is not meritocratic.

D. Envisage of the Succession

The succession issue in North Korea is important because, unlike in other socialist countries, leadership by a person is given a great deal of weight despite the fact that North Korea also has a party leadership. In other words, North Korea puts more weight on the reign by authority and charisma and its policy-making process is entrusted to a single person compared to other socialist countries.

Therefore, the succession issue is much more important in North Korea than in other socialist countries in regards to political changes. Particularly, taking into consideration that North Korea is currently experiencing economic difficulties and is under great pressure to reform and open inter-Korean and U.S.-DPRK relations, the succession issue will become more and more important in the future.

Several scenarios of succession in North Korea may be possible. First is the succession to a son. As of now, there is a 50 to 50 percent chance that this scenario will come true. Succession to a son will signify that North Korea will maintain its current system.

Second is the succession to a third person. Succession to a third person like Jang Song Thaek is another form of the single-person succession system, which means that North Korea will maintain its current system with the second scenario as well.

Third, there is a possibility for a collective leadership system. This will, of course, be a collective leadership system with a representative. Though there is a 50 to 50 percent chance, certain changes in the current political system are expected if this takes place. This will be the case where the leadership is shared among the party, the government and the army, as stated in the Constitution. Also, there is a possibility of bigger political change regarding discord between the elites.

One important issue regarding the succession is the type of leadership of the next generation. If the current North Korea proceeds with reform, opening, and practicalism, the leadership will also become more and more practical. The change will be accompanied by other series of changes in the political structure and ideology. If the new leader fails to cope with the situation, North Korea will be faced with a major chaos. That is why the succession of North Korea is not only important to North Korea but also for South Korea.

III. Economic Policy

1. Economic Conditions and Changes of North Korea in the 2000s

<Table III-1> Economic Growth Rate and National Income of North Korea

	1990	1995	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Economic Growth Rate (%)	-3.7	-4.1	-1.1	6.2	1.3	3.7	1.2	1.8	2.2	3.8	-1.1	-2.3
Nominal GNI (\$100 million)	232	223	126	158	168	157	170	184	208	242	256	267
GNI per capita (\$)	1,146	1,034	573	714	757	706	762	818	914	1,056	1,108	1,152

Source: Bank of Korea Statistics.

A. Economic Growth Rate

As shown in <Table III-1>, North Korea continued to record low growth rates because it failed to solve issues such as obsolete industrial facilities, lack of energy, raw materials, foreign reserves, and the nuclear problem.

Under these circumstances, the North Korean economy started to see negative growth rates as external economic conditions exacerbated after sanctions from the international community against North Korea were strengthened after the missile launch and nuclear test in 2006. Problems such as decrease in agricultural output followed by natural disasters, stagnation in overseas trade and a hike in domestic consumer prices started to reemerge.

After the negative economic growth in the 1990s was followed by low growth, the nominal GNI of North Korea is only 26.7 billion dollars. The GNI per capita in 2007 of 1,152 dollars is not much bigger than 1,146 dollars in 1990. Comparing the economic size between South Korea and North Korea is pointless since there is too huge a gap between the two. As of 2007, nominal GNI and GNI per capita of South Korea were 36.4 times and 17.4 times bigger than those of North Korea respectively. As North Korea continue to see negative growth and low growth, the disparity of economic power between the two is continuously increasing.

B. Consumer Price

The July 1 Measure in 2002 brought statutory prices closer to market prices, almost closing the gap between the two price systems. However, market prices, which have been stable since the July 1 Measure, went through hyper inflation, soaring to a level that was several dozen times higher than statutory prices.

Partially consent of cash payment in transactions among enterprises

after the July 1 Measure is somewhat related to the increase in money supply. According to the July 1 Measure, North Korea permitted direct transactions of natural resources and parts among enterprises and established a socialist market. In the beginning, payment in direct transactions was limited to non-cash payment through banks, but cash payment was soon permitted.⁷ The fact that North Korea is concerned about the cash payments taking place in transactions among enterprises in the socialist market tells us that cash payment was widely spread among enterprises after the July 1 Measure.⁸

After the July 1 Measure, bank loans withdrawn in cash flowed into the market, increasing the cash supply and causing inflation.⁹ As a result, the need to control non-cash supplies such as bank loans was raised in order to control the money supply.¹⁰ The North Korean monetary authority seems to have embarked on a comprehensive monetary control project on both cash and non-cash. In this case,

⁷ “In the past, all fuel and materials needed for production at factories and enterprises could be secured without cash according to the state’s planning, but after the reform measure, each unit, holding cash, proceeds with expansive reproduction by its own will.” *Joseon Shinbo*, December 22, 2003.

⁸ In the transaction in the socialist market, an activity that complements the planned supply of goods, the state must decide the prices as well as the goods to be traded and the trading method, and the payment must be made through banks. Li Dong Gu, “The transaction in the socialist market is an activity that complements the planned supply of goods.” *Kim Il Sung University Gazette* (Philosophy, Economics), Vol. 4 (2004).

⁹ Moon Seong Min, “Recent Changes in North Korea’s Finance and its Reform Challenges,” *Financial Economic Review*, Vol. 236 (2005), p. 40.

¹⁰ It is noted that when the principle of money circulation where the amount of money circulated correspond to the amount of money demanded are applied only on the cash, it will not have sufficient control over non-cash, and therefore, non-cash must be included in the principle as well. Li Chang Hyeok, “Study on the Area Covered by the Principle of Money Circulation,” *Economic Review*, Vol. 3 (2005).

the ratio of bank loans withdrawn in cash would have decreased in order to meet the capital requirements of enterprises in the new price system.

However, as shown in <Table III-2>, market prices have been on a steady rise since the second half of 2006 and have become unstable after the sign of a sudden hike at the end of 2007. The dramatic rise in food prices at the end of 2007 is due to the poor harvest followed by the lack of supply. As of October, rice was being traded at 1,500 won per kilogram in the market.

<Table III-2> Prices of Necessary Goods in the North Korean Market
(unit: 10,000 NK Won)

	Unit	Feb. 2002	Jul. 2003	Apr. 2004	Sept. 2004	Oct. 2005	Dec. 2005	Oct. 2006	May 2007
Rice	kg	47	156	350	1,000	705	850	950	1,050
Corn	kg	32	116	150	400	222	286	430	460
Bean	kg	44	160	300	-	376	464	-	720
Flour	kg	41	176	325	-	750	775	850	1,300
Pork	kg	139	539	1,121	1,800	2,320	2,463	-	-
Egg	1 egg	11	46	59	100	189	208	-	160
Cabbage	kg	18	75	80	-	93	206	200	330
Potato	kg	14	93	68	-	113	138	-	320
Oil	1 bottle	78	553	475	2,400	905	1,088	-	-
Salt	kg	21	93	125	-	336	329	280	300
Soy Sauce	1 bottle	21	62	80	-	240	250	-	-
Soybean Paste	1 bag	50	98	155	-	206	208	200	-
Running Shoes	1 pair	100	1,983	1,425	1,800	3,380	3,350	-	-
Cigarette (Domestic Product)	1 pack	30	170	300	650	555	550	-	-

Sources: September 2004 (Pyongyang), October 2006 (Pyongyang), May 2007 (Chongjin) - Goodfriends *Newsletter*; Others – collected from interviews with the North Korean defectors; Ministry of Unification (2006).

C. Finance and Banking

Through the July 1 Measure and other reform measures that followed, North Korea reduced the role of finance by taking measures to reduce spending in a bid to secure financial stability. In order to reduce spending, it cut down the social security system, abolished subsidies, reduced the rationing system, and cancelled financial support for enterprises (self-supporting accounting system). Despite these measures, revenue did not increase and North Korea has been accumulating fiscal deficit since 2003 as shown in <Table III-3>.

Although the taxation system was improved after the beginning stage of the reform after the July 1 Measures, North Korea is seeing fiscal deficit for three consecutive years since 2004. North Korea reduced its social security system and abolished various subsidies in order to reduce spending, but the spending was more than 10 billion won bigger than revenue every year. (North Korea's fiscal deficit was 11.26 billion won in 2004, 13.99 billion won in 2005, 10.07 billion won in 2006.)

<Table III-3> Fiscal Size of North Korea

(unit: 10,000 NK Won)

	Budget		Settlement		
	Revenue	Spending	Revenue	Spending	Balance
2003	-	-	33,232,356	32,344,936	-887,420
2004	35,126,600		33,754,600	34,880,700	-1,126,100
2005	38,851,545	38,857,100	39,162,357	40,566,812	-1,404,455
2006	41,942,884	41,986,650	40,894,312	41,944,663	-1,050,351
2007	43,307,076	43,328,837	43,393,690	44,065,427	-671,737
2008	45,129,438	45,167,063	-	-	-

Source: This data is based on North Korea's announcement on revenue and spending each year.

According to the reform measures, the state no longer provides financial support for the enterprises. Enterprises now have to secure liquid funds through banks instead of from the state. In order to resolve the functional problems of the central bank which also plays the role of commercial banks, North Korea enacted Central Bank Act in September 2004 and Commercial Bank Act in January 2006 so that the functions of commercial banks will be separated from the central bank. Although North Korea adopted a dual bank system by law, the central bank still has to give loans to enterprises because commercial banks that lend out to enterprises have not been established.

D. Foreign Trade

North Korea's foreign trade has persistently increased until the mid-2000s as shown in <Table III-4> but stalled in 2006 and 2007. The increase in the 2000s is attributable to the increase in trade between North Korea and China. Since the announcement of the July 1 Measure, North Korea has been promoting trade through decentralization, allowing local governments and enterprises to engage in trade, which had been monopolized by the central government. As a result, both trade companies and local governments and institutions are engaging in trade activities with China, seeking to secure operating capital and natural resources.

Since July 1, 2002, North Korea is making efforts to facilitate foreign trade through decentralization. Trade activities that had been monopolized by the central government have now spread to cities, counties, and enterprises. However, trade administration such as the process of import and export is monopolized by the Ministry of Trade in order to prevent excessive competition.

<Table III -4> North Korea's Foreign Trade

(unit: million dollar, %)

	Export		Import		Total Trade Volume		Trade Balance
	Amount	Increase Rate	Amount	Increase Rate	Amount	Increase Rate	Amount
1999	515	7.9	965	9.3	1,480	2.6	-450
2000	556	8.0	1,413	46.4	1,969	33.0	-857
2001	650	16.9	1,620	14.6	2,270	15.3	-970
2002	735	13.1	1,525	-5.9	2,260	-0.4	-790
2003	777	5.5	1,614	5.9	2,391	5.8	-837
2004	1,020	31.3	1,837	13.8	2,857	19.5	-817
2005	998	-2.1	2,003	9.1	3,002	5.1	-1,005
2006	947	-5.2	2,049	2.3	2,996	-0.2	-1,102
2007	919	-3.0	2,022	1.3	2,941	-1.8	-1,103

Source: KOTRA.

As the state finances dried up, trade companies and enterprises and institutions that had not been engaged in foreign trade are now securing operating funds through trade. Those companies and institutions that started trading after the July 1 Measures are known to be engaging in trade activities mainly with China.¹¹

Products made in China, which are imported through these companies and institutions, take up about 80% of all products traded in the North Korean market, exerting dominant influence on the expansion of market economy in North Korea.¹²

¹¹ Lee Young Hoon, "North Korea-China Trade and its Impact on the North Korean Economy," *Financial Economic Review*, Vol. 246 (November 2006), p. 44.

¹² In the survey by KIEP, 51% of the North Korea defector respondents replied that more than 80% of raw materials and facilities in the North Korea market are from China. Cho Myeong Cheol, et al., *North Korean Economy's Growing Dependence on China and South Korea's Response* (Seoul: KIEP, 2005).

<Table III-5> Trade between North Korea and China

(unit: million dollar, %)

	Exports		Imports		Total Trade Volume		Trade Balance
	Amount	Growth Rate	Amount	Growth Rate	Amount	Growth Rate	Amount
1998	57.3	-33.5	355.7	-52.9	413.0	-37.1	-298.4
1999	41.7	-27.2	328.7	-7.6	370.4	-10.3	-287.0
2000	37.2	-10.8	450.8	37.1	488.0	31.8	-413.6
2001	166.8	348.1	570.7	27.1	737.4	51.1	-403.9
2002	270.7	62.3	467.3	-18.1	738.0	0.1	-196.6
2003	395.3	46.1	627.6	34.3	1,022.9	38.6	-232.2
2004	585.7	48.2	799.5	27.4	1,385.2	35.4	-213.8
2005	499.2	-14.8	1,081.2	35.2	1,580.3	14.1	-582.0
2006	467.7	-6.3	1,231.9	13.9	1,699.6	7.5	-764.2
2007	581.5	24.3	1,392.5	13.0	1,974.0	16.1	-811.0

Source: KOTRA.

North Korea's economic dependency on China has become chronic and is exacerbating. North Korea's economic dependency on China was 48.5% in 2004, 52.6% in 2005, 56.7% in 2006, and 67.1% in 2007 (excluding trade between South and North Korea). Due to the drastic increase in imports from China, North Korea's trade deficit against China has been continuously rising since 2002. Between 2002 and 2004, North Korea's trade deficit against China was about 200 billion dollars per year, but, due to the increase in the trade volume, the deficit grew to 580 billion dollars in 2005, 760 dollars in 2006, and 810 dollars in 2007. North Korea's export items consist mainly of commodities including iron ore, coal, apparel, fish, and shellfish while import items from China consist of fuel (crude oil), steel, machinery, industrial facilities, and necessities such as meat (pork) and plastic goods.

In 2007, North Korea's total trade (except the trade between South and North Korea) was 2.94 billion dollars (export 920 million dollars, import 2.02 billion dollars). Since 2005, this figure has

stalled. This is because, although its trade with China has increased, trade with other major partners such as Japan has mostly decreased. With harsher sanctions against North Korea, North Korea's dependence on China has grown. As Japan's sanction against North Korea is stronger than ever due to the abduction issue and nuclear threat, North Korea's exports to Japan was down to zero in 2007. North Korea's trade deficit reached 1.1 billion dollars in 2006 and 2007, with imports growing much faster than exports in the past three years.

E. Agricultural Output

In the agricultural sector, output has persistently increased since the July 1 Measure due to the increased efficiency from boosted morale, increased land use, and the introduction of new seeds. As shown in <Table III-6>, North Korea's grain output increased from 3.95 million tons in 2001 to 4.54 million tons in 2005. Rice output per 30 *pyong* (equivalent to 99.174m²) increased from 294kg in 2001 to 309kg in 2004. During the same period, output of food crops per unit increased from 2.5MT to 2.7MT.¹³

<Table III-6> North Korea's Food Supply and Demand

(unit: 10,000 ton)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Production	359	395	413	425	431	454	448	401
Demand	613	626	632	639	645	651	650	650

Source: Rural Development Administration.

After the July 1 Measure, cooperative farms in North Korea expanded the distribution-according-to-performance principle to the

¹³ Korea International Trade Association, *North Korea's Economic and Social Index 2007*, p. 34.

sub organizations and has been reducing labor support from outside in order to reduce costs.¹⁴ With this change, the farmers are motivated to increase the output and the quality of products. They seem to be working hard to increase their share by reducing various production costs such as land fees for water, electricity, fertilizer, agrichemicals, and supportive projects.

One of the major factors that contributed to the increase in output is introduction of new seeds. North Korea's agricultural output increased from 3.95 million tons of the crop year of 2000/01 to 4.54 million tons during the crop year of 2005/06.

2. Future Prospect for Economic Policy

It is expected that North Korea's economic policies will be closely linked to the changes in internal and external situations. Particularly, favorable changes in external conditions such as the removal from the list of state sponsors of terrorism and progress in relations with the United States will lead to adjustment in North Korea's economic policies, which have been focusing on economic development on the basis of the "Military-first" spirit. When the threat to the regime is reduced, the significance of the "Military-first" will be weakened and, thereby, priority on the national defense industry will change when it comes to allocation of resources. North Korea's capability to mobilize resources to develop both the civilian economy and the defense industry is currently very limited. However, its emphasis on priority sectors and key industries, which serve as the foundation for normalized production, will remain the same.

The need to reconstruct and modernize its economy will lead North Korea to pursue cooperation with the outside world, which is not necessarily in line with its Military-first policy.

¹⁴ *Joseon Shinbo*, January 23, 2004.

Of course, North Korea's effort to improve relations and changes in the international perspective on North Korea must precede any agreements to relieve sanctions on North Korea. Nonetheless, when the sanctions are eased, North Korea's industrial modernization will open the door to the cutting-edge technologies and facilities of the outside world while using its own technologies and funds. It is certain that North Korea will take advantage of the changes in external conditions in order to achieve industrial modernization and economic development. In this case, modernization will first take place in the export-oriented light industry.

Although the external conditions change, it will not rapidly lead to economic reform, or the improvement in socialist economic management in the North Korean language. North Korea is likely to conclude that there is more to lose than gain by pursuing economic reform in the 2000s. North Korea's ultimate goal of economic reform is to prove the superiority of the socialist economy. However, planned economy contracted with the spread of the market economy. Thus, North Korea will postpone new reform measures as much as possible unless it discovers complementary measures to eliminate side effects. This does not mean that North Korea will back down on the economic reform that has already taken root in the society.

North Korea will restart its economic reform when the internal logistics are stable. North Korea's economic reform will be full-scale when economic modernization reaches a certain level and priority sectors (energy and natural resources) are normalized. This will be the way for North Korea to free itself from the burden of contraction in the planned economy, which was raised after the July 1 Measure. Therefore, North Korea will most likely try to minimize the side effects of the reform measures that are already in place while repairing and improving the system where the current measures can work effectively.

IV. Foreign Policy and South Korean Policy

1. North Korea's Foreign and South Korean Policy

A. North Korea's Diplomatic Strategy: "Military-First Diplomacy"

North Korea's national goal is to preserve and expand its single-leader dictatorship. To this end, it has enforced Military-first Politics as the strategy behind its domestic and foreign policies. North Korea's Military-first Politics is based on its military strength, and it is recognized as a method of rule used to overcome internal and external threats to its regime.

North Korea argues that it must give priority to bolstering up its military might, even at the expense of economic development and the livelihood of its citizens. In this manner, Military-first Politics serves to justify prioritizing the buildup of military might, and this is why it naturally gave way to a policy of "buildup of military strength first, economic development second."¹⁵

¹⁵ Kim Bong Ho, *The Great Era of Military-first* (Pyongyang: Pyongyang Publishing Company, 2004), pp. 37~43.

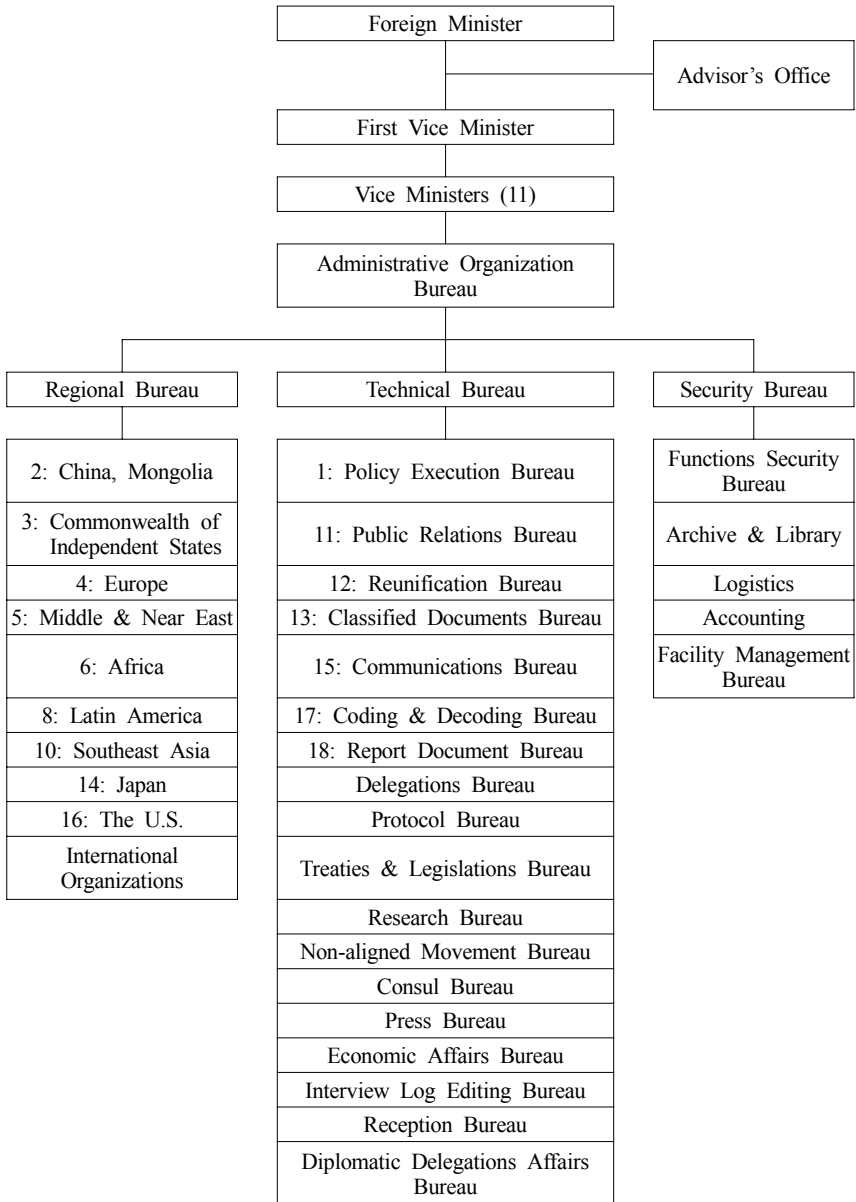
To justify the logic behind its Military-first Politics, the North Korean regime first assumed an “anti-imperialist military front,” and in particular, an “anti-U.S. imperialist military front,” as the basic front for its military-first revolution. “Anti-imperialist military front” was established as the lifeline for the revolution in its Military-first Era is because North Korea argued that imperialists and other imperialistic powers are forcing North Korea to suffer the brunt of their “threats of invasion.” Using the logic behind its Military-first Politics, North Korea is justifying the use of power, or military means, for diplomacy, and to that end, North Korea is pursuing a diplomatic strategy that can help it achieve that purpose. Armed with this cause of “diplomacy through power,” North Korea is working to achieve a dual diplomatic purpose of firstly justifying its production of nuclear weapons, missiles, and other weapons of mass destruction, and second, leveraging these weapons and missiles as options to normalize relations with the United States in diplomatic negotiations.

While ignoring the possibility that the United States might impose sanctions because of its nuclear armament, North Korea is attempting to pursue a basic strategy by leveraging its nuclear strength to lift the sanctions set by the United States on North Korea, institutionalize a security (military) dialogue channel with the United States signing a declaration of the end of the Korean War, conclude a U.S.-DPRK peace agreement, dissolve the UN Command, and either change the role and function of the U.S. forces or have them withdraw from South Korea. In line with this, North Korea is trying to use its nuclear strength to gain the upper hand in North-South Korea relations, so that it can move South Korea according to its will. In its other foreign relations, North Korea continues to use the same strategies it wields against the United States and South Korea, while complementing it at times when necessary. Such foreign policy strategies can be well observed in North Korea’s dealings

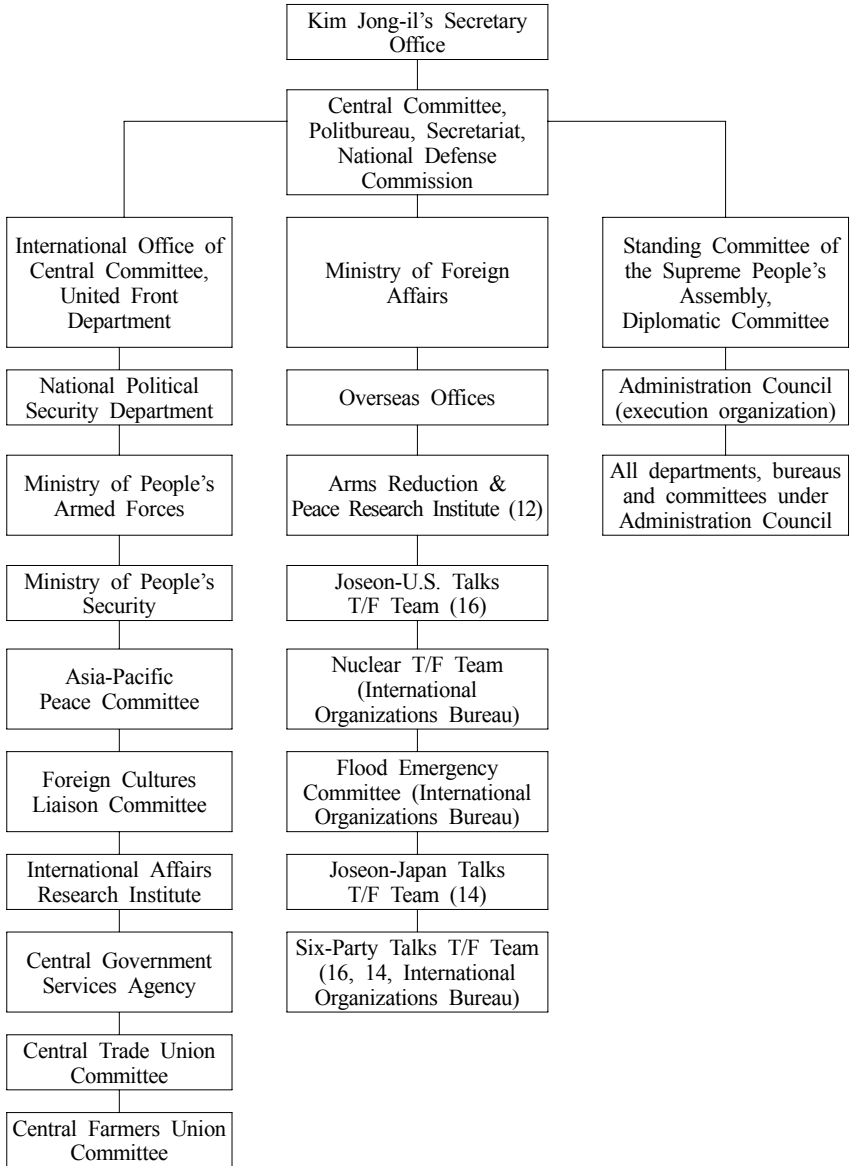
with the United States (North Korea-U.S. dialogue) or with other parties at multilateral nuclear negotiations (Six-Party Talks).

To uphold its military-first diplomacy, North Korea has organized task force teams such as the 'Nuclear Task Force Team,' 'Human Rights Task Force Team,' 'Korea-U.S., Korea-Japan Talks Task Force Team,' 'Arms Reduction Task Force Team,' and 'Flood Emergency Committee' within its Ministry of Foreign Affairs (Chart IV-1). Through these task force teams, North Korea is working to keep up thorough discussions with pertinent organizations and strengthen its control structure (Refer to Charts IV-2, IV-3).

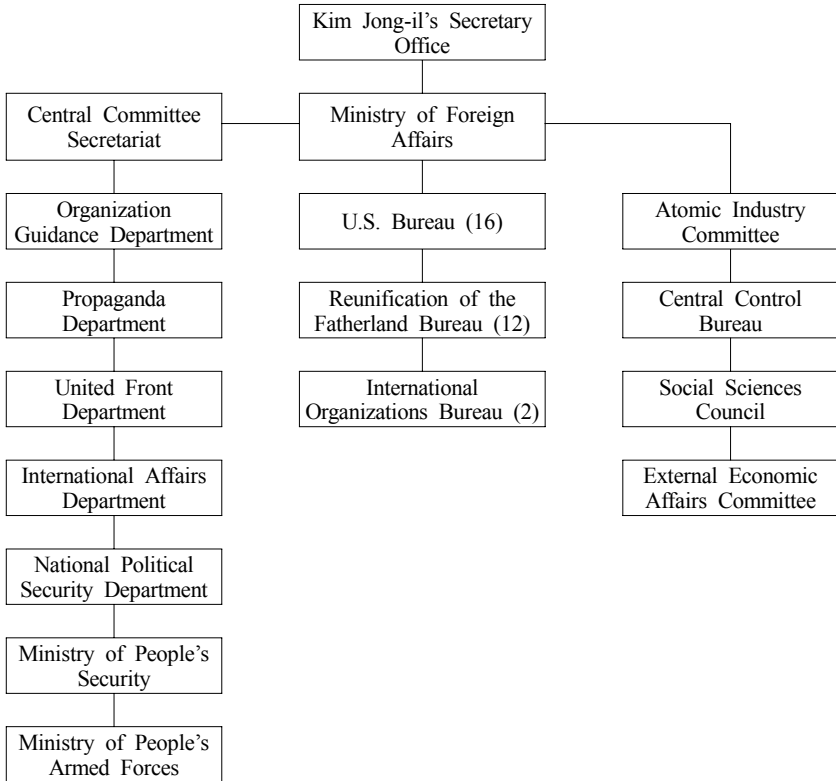
<Chart IV-1> Structure of the Ministry of Foreign Affairs



<Chart IV-2> Foreign Policy Decision Making Structure in the Kim Jong-il Regime



<Chart IV-3> Korea-U.S. Talks Task Force Team & Nuclear Task Force Team within the Ministry of Foreign Affairs



B. North Korea's South Korean Policy

(1) North Korea's Goal for its Policy toward South Korea

North Korea's goal in terms of its South Korean policy is to turn the entire Korean peninsula into a communist state. To achieve this, North Korea emphasizes such slogans and rallying cries like "protect the Kim Jong-il regime until death" and "unite as one

with Kim Jong-il.” It can be concluded North Korea has enforced various strategies when it comes to its South Korean policy to achieve this political purpose. The very existence of South Korea as a competitive entity fundamentally debilitates the stability of North Korea’s one-man dictatorship. Therefore, in this security situation, the fundamental and immediate goal in North Korea’s South Korean strategy is to eliminate this threat (through reunification and subsequent conversion to communism) or to weaken said threat (through confusion or emphasizing structural ironies).

(2) North Korea’s Process of Pursuing its South Korean Policy

Since the division of the Korean peninsula, North Korea has adjusted to changes in the environment and pursued a South Korean policy in the following manner.¹⁶

The basic outlines of North Korea’s South Korean strategy, which had a goal to fuel a revolution in South Korea, the “mainstay” of the revolution, were first presented at the October 10, 1945 Congress of the Five Provincial Party Committee meeting to establish the North Korea Bureau of the Communist Party of Korea. Because U.S. troops were occupying South Korea, it was impossible for North Korea to pursue a peninsula-wide revolution. Therefore, North Korea established a strategy¹⁷ to strengthen its revolutionary capabilities in North Korea, where it had more chances for success. With those capabilities, North Korea would

¹⁶ Yu Dong Ryeol, *The History and Reality of Korea’s Leftist Movement* (Seoul: Dana, 1996), pp. 271~293.

¹⁷ “To meet the challenges of invasion by U.S. imperialists, North Korea, which has already been freed, must push forward with its revolution and establish a strong revolutionary home base so that we may effectively pave the road to revolutionary victory and national reunification.” *Kim Il Sung Selected Works 4* (Pyongyang: Korean Workers’ Party Publisher, 1980), p. 286.

then go on to complete its communist revolution in the entire Korean peninsula. With this idea of a revolutionary “mainstay,” North Korea declared the founding of its People’s Republic in September of 1948, and in an attempt to put into action its revolutionary mainstay strategy, it attacked South Korea in June of 1950, effectively beginning the Korean War.

North Korea’s three major fronts to strengthen its revolutionary capabilities were adopted on February 27, 1964 at the Fourth Party Central Committee’s eighth session. They formed the practical elements for the completion of a South Korean revolution, and they signify the strengthening of North Korea’s three core revolutionary capabilities, namely, North Korea’s own revolutionary capabilities, South Korea’s revolutionary capabilities, and international revolutionary capabilities. With regards to South Korea, North Korea stressed how it must emphasize the ironies that exist in South Korean society, expand its underground party organization, and create various reunification fronts to disrupt the social order, which can give rise to a people’s revolution within South Korean society. To enforce its South Korean revolution strategy, North Korea has resorted to the most basic organizational strategy in communism – a unification front strategy.

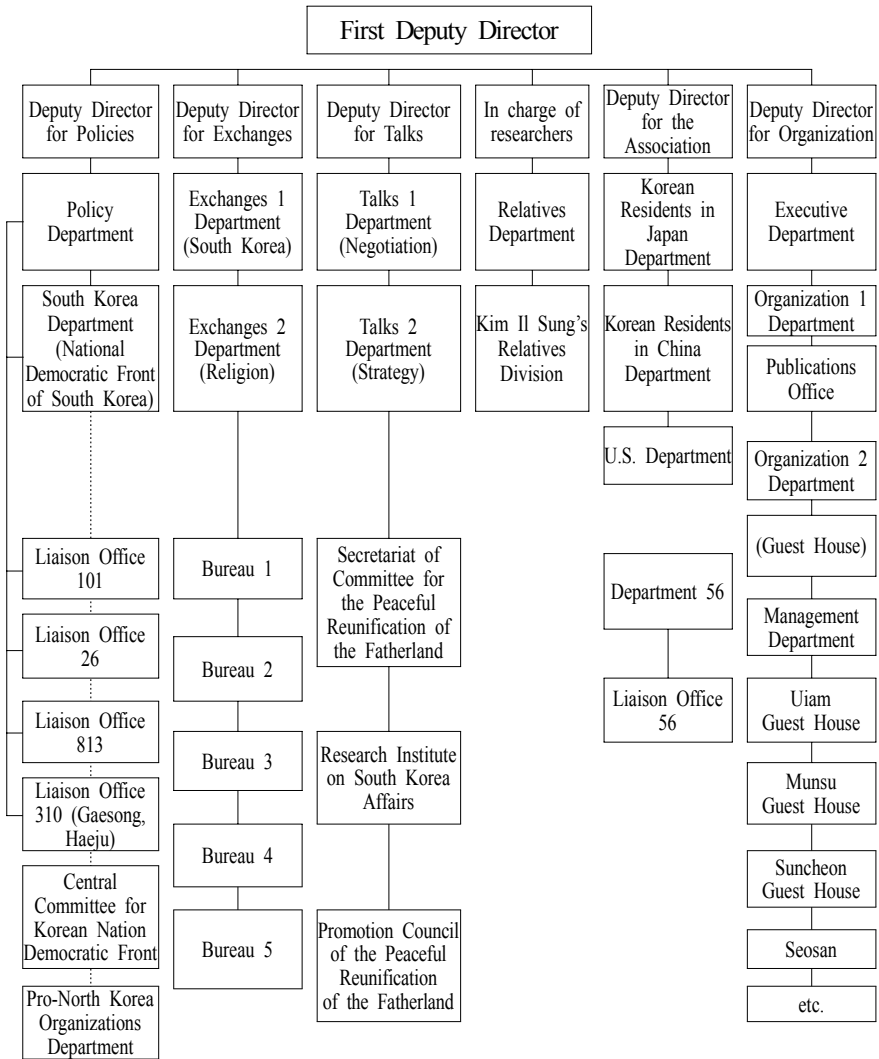
Since the 1990s, North Korea’s South Korean strategy had its core in a “great national unity,” which centered around anti-U.S. sentiment and autonomy, as well as an alliance with communism and North Korea.¹⁸ In the North-South Joint Statement adopted on July 4, 1972, “great national unity” was first mentioned, and in May 1990, Kim Il Sung mentioned it again as one of the five major principles for national reunification in a speech given before the Ninth Supreme People’s Assembly’s first session. The principle

¹⁸ Choi Jinwook, “North Korea’s National Cooperation Theory and 10 Years of South-North Korea Relations,” *10 Years of Kim Jong-il Regime: Change and Outlook* (Seminar Series 04-01) (Seoul: KINU, 2004), pp. 113~118.

was concretely presented at a dialogue with senior members of the DPRK's Committee for the Peaceful Reunification of the Fatherland and the North Headquarters of the National Federation for the Reunification of the Country.

The term "national cooperation" first gained prominence in the June 15 North-South Korea Joint Declaration adopted at the inter-Korean summit in 2000. In the first article of this declaration, it is stated that "the North and the South agreed to solve the question of the country's reunification independently by the concerted efforts of the Korean nation responsible for it." In this sentence, the phrase "by the concerted efforts of the Korean nation responsible" was conceptualized into "national cooperation." North Korea first began using the term "national cooperation" on January 10, 2001 at the "2001 Congress to Open the Door to Reunification by Our Nation Itself." North Korea's South Korean strategy is mostly undertaken by the United Front Department of the Central Committee.

<Chart IV-4> Organization Chart of the United Front Department in North Korea



Source: Jang Chul Hyun, "Analysis on the North Korean United Front Department," *A Study on North Korea* (Seoul: Institute for National Security Strategy), p. 89.

2. Future Prospect for Foreign and South Korean Policy

A. Foreign Policy Direction

(1) Basic Direction

North Korea will work on diplomatic efforts to achieve direct negotiations with the United States, remove all economic sanctions targeted against the DPRK, acquire economic and energy assistance, and normalize relations with the United States, in line with the February 13 Agreement and its follow-up measures. Under the administration of the new U.S. President Barack Obama, the United States will place great importance in solving the North Korean nuclear issue in an attempt to prevent nuclear proliferation. Considering this, North Korea will most likely take the initiative in its negotiations with the United States. Through the action-for-action approach, North Korea will attempt to permanently remove economic sanctions and establish military dialogue with the United States at least before Barack Obama's term in office ends. To this end, the North Korean regime will try to improve relations with the United States through invitations and visits.

(2) Detailed Foreign Policy Direction (The U.S.)

By making full use of behind-the-scenes negotiations at the next round of the six-party talks, working-group talks, and the unofficial UN channel in New York, North Korea will attempt to tie in the United States new approach to solve the North Korean nuclear issue with its own "gradual solution of the nuclear issue."

It is important to consider the demands made by North Korea to open a nuclear military disarmament meeting, as it has the possibility of leading to a North Korea-U.S. military dialogue. By

capitalizing on this possibility, North Korea might conclude a North Korea-U.S. peace treaty in order to put the focus on solving the issue of U.S. forces in Korea. Normalization of North Korea-U.S. relations will likely occur after, and not before, the conclusion of a bilateral peace treaty. There is the mistaken belief that normalization of U.S.-DPRK relations can occur without the signing of a peace treaty or the settling of the U.S.F.K issue, but in substance, this is not the case. Normalization of U.S.-DPRK relations cannot happen without the conclusion of a peace treaty.

North Korea will attempt to acquire as many benefits as it can from the United States before it destroys its nuclear weapons. To do this, the North Korean regime will ask for cooperation from China and Russia to focus on receiving additional conciliations. For example, North Korea might ask for UN sanctions resolution to be lifted, and for the DPRK to be taken off the Trading with the Enemy Act, so that it can expand relations with Western countries. By re-starting its light-water reactor support project, North Korea will work to acquire more energy. North Korea has found more leeway after being removed from the list of state sponsors of terrorism, and with this newfound freedom, it will first attempt to expand economic relations with the United States. While expanding economic relations with the United States, North Korea will also attempt to boost social and cultural exchanges as well. Expanding its economic ties will help North Korea overcome its economic difficulties. It will work to first of all create the right conditions to sell products manufactured at its Gaesong Industrial Complex in the U.S. and world markets. By expanding its economic relations and socio-cultural exchanges with the United States, North Korea will work to let that contribute to creating the conditions for bilateral peaceful relations and eventually for normalization. Therefore, North Korea's future U.S. diplomacy direction can be summarized into the following: continuing nuclear negotiations, pursuing

working negotiations for normalization of relations along with expanding economic ties and socio-cultural activities, creating a peaceful atmosphere, signing a DPRK-U.S. peace treaty, and solving the U.S.F.K issue.

B. South Korean Policy Direction

North Korea believes it is trapped inside a “military strategy web” spun by the United States to escape this web, and is attempting to pursue direct bargaining (military security negotiations). Its relations with South Korea will merely be a complementary part of the dynamic. In the future, North Korea will likely pursue a two-track South Korean policy of a “peace strategy” and a “hostility strategy.”

With its “peace strategy,” North Korea will strategically make use of its dialogue channels with South Korea (summit talks, ministerial talks, humanitarian talks, etc.) while receiving economic benefits from South Korea and at the same time consistently creating a friendly atmosphere with South Korea for its revolutionary strategy purposes.

North Korea might also pursue a “hostility strategy” if it deems it is necessary to do so, whether for internal purposes (maintaining its mobilization system) or for creating tension in North-South Korea relations in the process of continuing security negotiations with the United States. North Korea needs to periodically create tension with South Korea to mobilize its political system. Furthermore, it can create military tension with South Korea and use it as leverage to incite the United States during security negotiations. Therefore, there is always a possibility that North Korea might turn to a “hostility strategy,” and this must be taken into consideration.

In the end, there is a high possibility that North Korea will use

senior-level military talks as an opportunity to denounce or weaken U.S.-ROK military cooperation. It will attempt to instigate public opinion and create an atmosphere in South Korea that influence South Koreans into thinking U.S. military intervention (U.S.F.K, armistice agreement structure, UN Command) is unreasonable. Along with this, North Korea will likely spread feelings of anti-U.S. sentiment among South Koreans. Therefore, in the future, the following points will be important when it comes to inter-Korean military negotiations. North Korea will officially mention the removal of U.S.F.K, turning this into a major social issue in South Korea. North Korea will then attempt to divide up public opinion, try to weaken the cause behind the presence of U.S. forces Korea, and pursue its goal of having American soldiers removed from South Korea. To achieve this, North Korea might give up cooperation with the United States to instead emphasize the rightfulness of national cooperation, and it will attempt to turn the situation into one of conflict, pitting Koreans against the United States, under the banner of “nation first.” North Korea’s Democratic Front for the Reunification of the Fatherland and Committee for the Peaceful Reunification of the Fatherland have released an “appeal to our brothers in South Korea,” which stated that “South Korea-U.S. cooperation is an invitation for war and national ruin,” and that “the South Koreans must abandon South Korean-U.S. cooperation for national cooperation so that the entire nation can actively work together to foster conflict between the United States and Korea under the values of ‘nation-first’.” This statement accurately reflects the controversial issues within North-South Korea military negotiations. In particular, North Korea will attempt to again bring up and denounce various military issues, including the U.S.-ROK joint military exercises and stationing of the Aegis vessel in the East Sea, to argue that U.S.-ROK military cooperative ties are unreasonable. In doing so, North Korea will try to turn

this into a huge social issue. North Korea will continue to stick to a strategy calling attention to various issues having to do with the Northern Limit Line (NLL) in the West Sea to call for a renegotiation of the NLL in South Korea. However, it will take a long time before anyone can expect to see any substantial inter-Korean talks to build up military trust between North and South Korea.

V. Conclusion

Every agent ceaselessly responds to challenges for survival. According to “the survival of the fittest” principle, each agent preserves itself sometimes by the means of adaptation and at other times by the means of resistance when faced with internal and external challenges. A state, which is run by humans, also mobilizes various means and measures to survive. Usually, states’ survival strategy is either to rise to super power or to join forces with other small states. The one and only super power can survive on its own while others find a way to survive through obedience or band wagoning.

According to general standards, North Korea is a small and weak state. It is not a powerful state by any measure of land size, population, culture, and the quality of the military, not to mention the economy. Therefore, the most common strategy North Korea could choose in order to win the game with a powerful nation is either to form a solid coalition with China and Russia or to guarantee its security by riding with the United States.

Despite its weakness, North Korea has been confronting the United States thoroughly on its own. As a result, it has actually won some of its games, for instance, acquiring the removal of its name from the list of state sponsors of terrorism. Where does this kind of strength come from? The answer lies in its powerful, vertical, single-ruler system. While restraining all oppositions by containment policy, North Korea only lets out a homogenous voice to the outside world, which keeps the counterparts from responding separately to different voices.

What must be noted is that this type of power has a very long history and was gained in the process of competition against super powers. In other words, North Korea became resistant through a long history of interactions with strong states and constructed its own way to deal with them. North Korea fully took advantage of what they had learned in negotiations with the United States. The theory that emphasizes the behavioral result from the interactions between the agents is constructivism, or the complex system theory. These theories attempt to find out behavioral patterns, considering many variants instead of analyzing behaviors with certain patterned variants. Particularly, the complex system theory insists that solution to a problem must be found in consideration for probability along with the “given facts.”

However, it seems to be an impossible, unrealistic approach. While its intention is good, it is extremely difficult to decide whether certain variants are useful or not and there is a possibility that other prejudices could get in the way. Therefore, the complex system theory is not a complete theory: its role is rather to urge us to be aware of those factors when analyzing the reality and forecasting the future.

If we analyze the relations between North Korea and the United States with this theoretical assumption in mind, one can realize that North Korea's today is the product of the relations and

interactions with the United States. Therefore, North Korea's U.S. policy is very crucial and almost played as an independent variant. Even so, North Korea was not always in the position to be defeated hopelessly without self-control; it responded rather 'reasonably,' which led to the state of affairs surrounding North Korea today.

Today's North Korean dilemma is the behavior to maintain the optimal condition for the survival of the regime. The strong single-leader system, unity of General, Party, military and the people, and social control are the optimal combination in taking on the United States where various opinions coexist.

First, North Korea emphasized "single-hearted unity" with "General" Kim Jong-il and did not allow an opening of any kind for its citizens and, moreover, for the power elite. As a result, no abnormalcy emerged despite Kim Jong-il's deteriorating health.

Second, North Korea allowed the market autonomy to run its own course to a certain extent through the July 1 Measure in order to ease the discontents of its people who were faced economic difficulties. However, North Korea returned to market controls when the reform measures caused inflation and exacerbated the widening economic inequality. Lately, North Korea is trying to eradicate all "free market factors," only encouraging the existing farmers' market.

Third, at the front of foreign and South Korean policy, North Korea stuck to the appeasement policy on South Korea and continued dialogues during the Kim Dae-jung and Roh Moo-hyun administrations. However, with the launch of the Lee Myung-bak administration, it is pursuing a hard-line policy, rejecting numerous dialogues and weakening the Gaesong Industrial Complex, which was established by Kim Il Sung's instruction. North Korea stuck with the tit-for-tat policy against the United States' North Korean policy. North Korea responded with the hard-line policy to the hard-line policy of the United States and responded with the appeasement policy to the

appeasement policy of the United States. Its main card and tool has been its nuclear weapons. North Korea pushed the United States to the corner with the nuclear card, which is the biggest concern for the United States. As a result, it was removed from the list of state sponsors of terrorism. One could infer that it is necessary to analyze and predict U.S. policy toward North Korea in order to forecast North Korea's policy.

From this perspective, one must figure out whether the United States has a plan and is willing to recognize and normalize North Korea in order to predict whether North Korea will pursue opening and reform and completely give up its nuclear weapons. For now, neither the conservatives nor the liberals seem to trust North Korea. In other words, the United States is not likely to acknowledge North Korea, a "cult state." The Obama administration is no exception. The United States, a Christian nation, is likely to urge North Korea to "normalize," which will provoke strong resistance from the North.

Taking the North Korean policy of the United States into consideration, the North will probably continue with its nuclear development after its removal from the list of state sponsors of terrorism. For North Korea whose utmost priority is to maintain the "Our Style of Socialism," developing weapons of mass destruction is the only card that they can play against the United States. Therefore, North Korea-U.S. relations will continue to be a conflicting one with the series of challenge and response.

Of course, South Korean policy during the Lee Myung-bak administration will remain "tit-for-tat." Since North Korea considers the United States and South Korea as one, it assumes that South Korea will naturally follow when North Korea concludes successful dialogue with the United States. The question here is how much emphasis the United States will put on inter-Korean dialogue while engaging in dialogue with North Korea.

In addition, North Korea will emphasize “single-hearted unity” in order to win the nuclear game against the United States and internal political and economic freedom will be proportionally suppressed. Also, from the perspective of constructivism and the complex system theory, external sanctions on North Korea will be used as an excuse for Kim Jong-il and his government to maintain the dictatorship and reject opening and reform.

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