

Pyongyang's Realignment of Leadership and Policy after the Cheonan Sinking

Park Hyeong Jung

(Senior Research Fellow)

On June 7th, Pyongyang convened an unusual second meeting of its Supreme People's Assembly within a year. It had two agendas: one was to promote Jang Sung Taek from member to Vice Chairman of the Defense Commission; the other was to reshuffle some of the ministers of the Cabinet, including naming Choe Young Rim as Premier. Kim Jong Il was present at this second meeting, though he was not at the first meeting in April.

Reorganization of leadership and a signal of change in policy direction

This meeting has signaled Kim Jong Il's decision to reorganize the leadership and to pursue a new policy. In reality, the decision would have been made in mid-May, following his May 3-7 visit to Beijing, the dismissal of Kim Il Chol, the vice minister of people's armed forces, on the 10th, the announcement of a successful nuclear fusion reaction on the 12th, and the official announcement on the 17th about convening the Supreme People's Assembly on June 7th. Four major issues must have factored into the decision, including management of the aftermath of the money exchange, the Cheonan attack, the results of Chairman Kim's China visit, and the underlying crisis in implementing the power succession project.

With regard to the reorganization of leadership, Kim Jong Il seems to have decided to increase his support to the party civilians at the expense of the military. What was unusual was that 'the Politburo of the Central Committee of the Party' was used for the first time in 22 years and 'the Central Committee' was named for the first time in 12 years as the organization responsible for recommending the premier.

North Korea's policy vision under the influence of Jang's ascension

The promotion of Jang Sung Taek to Vice Chairman of the Defense Commission indicates that he will have an enhanced role in domestic and foreign policy making as well as in the management of the internal political situation. By looking back at his past policy preferences, we can infer his likely policy direction for the future. First, Jang Sung Taek is likely to advocate a hard line conservative domestic policy, emphasizing a resurrection of the 'planned economy' and enhancing the role of various internal security organizations. Second, he will show strong interest in attracting foreign investment and be ready to increase the number of special economic zones. In a nutshell, his economic policy choice will be anti-reformist opening. Though logically imperative, it remains to be seen if Jang's pro-opening policy for attracting foreign capital will allow Pyongyang to take a more accommodating posture on denuclearization and inter-Korean relations. What is certain is that the pro-opening aspect of his policy will require an expansion of economic relations with China. Third, he is likely to continue to try to restrain the influence of the military in policy decision-making and in the country's economy.

The increased role of Jang Sung Taek, however, should not change the five strategic objectives for regime survival. These are as follows: 1) to be acknowledged as a nuclear power 2) to coerce the United State to accept a peace regime on North Korean terms and to improve its relations with a nuclear North Korea; 3) to thrive while pursuing an anti-reformist opening policy; 4) to shape inter-Korean relations in a way conducive to economically assisting the North Korean regime; 5) to maintain political stability through the increasing role of security organizations and to implement a successful power transition.

Jang's ascension would mean that his methods for achieving these goals would be implemented. The crux of the problem for North Korea has been that it needs to exercise both coercion and accommodation to achieve its goals. The coercive side of its policy works to achieve two objectives: in the long term, to force the rest of the world to acknowledge North Korea as nuclear power and to accept North Korea's proposal for establishing a permanent peace regime and in the short term, to break the brunt of the 'anti-Republic forces' and to seize the initiative in the current situation. On the other hand, the objectives of the accommodating aspect of North Korea's policy are to sustain its economy, sterilized by anti-reformist policy, and to obtain the foreign resources necessary for financing regime survival. Pyongyang has several ways of signaling accommodation: to compromise on the conditions for reopening the 6 party-talks, to suggest holding an inter-Korean summit, etc.

Until now, the coercive policy has been mainly carried out by the military through military provocations, and the accommodative policy has been conducted by the United Front Department of



the Central Party Secretariat and its subsidiary, the Asia Pacific Peace Committee, led by Kim Yang Kun. The latter has also been supported by Jang Sung Taek, who is interested in attracting foreign capital to obtain funds for constructing 100,000 housing units in Pyongyang and to avoid a fiscal crisis within the regime.

Considering Jang's promotion at the expense of the military, the accommodative side of the regime's policy-making apparatus appears to have openly gained ground over the coercive side. While in the short term Jang will have to take tough defensive measures against moves by the South and the United States with regards to the Cheonan sinking, in the medium term he may wish to change the current situation, in which case he may take an accommodative posture.

Looking back over the period when Mr. Jang played a relatively important role, internally the rule of anti-reformist and political security forces was strengthened, and outwardly foreign economic cooperation was promoted. Let's take a look at the period from the end of 2009 to early 2010. On the one hand, a currency reevaluation measure was enforced in late November 2009, while on the other hand, the regime promoted actions for opening and expansion of foreign economic relations in early 2010. Some representative examples of this include the following: in January, Rason city, bordering both China and Russia, was promoted to a special city; also in January, the first board meeting of the Chosun Daepoong group, an investment company run by the Defense Commission, was held; in February, the National Development Bank was established and the Pyongkeon Investment and Development Group was inaugurated also in February, Kim Young Il, the Department Chief of Foreign Relations at the Central Party Secretariat, toured Liaoning and Jilin provinces in China in March, the Ryongaksan General Office for Managing Trade and Development was founded as an office of the Defense Commission, and also it was reported that North Korea was preparing to open eight cities as special economic zones, including Pyongyang, Nampo, Shineuju, Wonsan, Kimchaek, Rason, Cheongjin; and in April, Chinese tourist delegations began to be invited to North Korea.

What has been distinctive among the various measures is the shadow of Jang Sung Taek and the Central Party. Kim Yang Kun, currently the Chief of the United Front Department of the Central Party, is the chairman of the board at Daepoong group. Chon Il Choon, the former head of Office 39 at the central party, plays the same role at the National Development Bank. Jang Sung Taek seems to be involved in both organizations: he is a member of the board at Daepoong, and Lee Kwang Keun, a former minister of trade who is regarded as Jang's supporter, was named recently as Deputy Department Chief of the United Front Department of the Central Party. The Pyongkun group and the Ryongaksan General Office were founded to finance the construction of 100,000 housing units in Pyongyang, of which Jang Sung Taek has been in charge. They would reportedly raise funds through the development of Shinuiju, the largest trading border city to China, as well as sales of mining rights. The role of the Cabinet was seldom mentioned before the meeting of the Supreme



People's Assembly on June 7th. It is expected that in the future its role will be enhanced, considering that personnel from the Central Party were named as ministers.

Taking all these movements in consideration, Jang is likely to push the following policy mixture forward: internally, anti-reformist and political security centered rule will be maintained. Development of Shinuiju and Rason will be promoted through Chinese investment. Mineral exports to China will be increased through the sale of mining rights to Chinese investors. The income from these activities will be invested in construction projects for Pyongyang, and this in turn will boost the economy. Last but not least, all these activities will contribute to raising slush funds for the regime and its survival.

All these undertakings will only be successful if cooperation with China is successful. Although of course North Korea does not wish to increase its dependence on China, there is no other exit for Kim Jong Il. Thinking logically, Kim must accommodate China in order to induce the latter to cooperate with him. As a matter of fact, China has long wanted to see North Korea take following postures: to be more flexible with regard to the 6 Party Talks and in denuclearization negotiations to promote economic reform; and to avoid actions which might endanger peace and stability on the Korean peninsula. If North Korea, under Jang Sung Taek's increased influence, takes a more accommodative posture, it will not be difficult to issue statements and take measures which seem to take Chinese wishes in consideration.

Short term challenges to Pyongyang

The crux of the problem for Jang's policy vision is that the conditions are not yet ripe for its realization. To reach that stage, North Korea must overcome four major challenges: first, to break the brunt of the South Korea-US offensive in reaction to the Cheonan sinking; second, to manage the critical lean period from July to October politically and economically; third, to prevent underlying discontent from breaking out among top elites in the process of the power succession; and last but not least, to induce or coerce the South and the United States to accept North Korea's version of denuclearization and to create a favorable environment for investment to flow into North Korea.



Relations with the South and the United States

In the second half of the year, Pyongyang will have to practice an aggressive defense against the South Korean-US political and economic offensive. They will likely increase tension in reaction to various retaliatory measures by the South through verbal attacks, heightened military readiness, and a controlled increase of military pressure in the West Sea and along the DMZ. In addition, they will likely show off their progress in nuclear weapons development and delivery.

While aggressive defense is necessary, Jang Sung Taek may wish to change the trend. The crux of the problem will be how far Pyongyang will be able to bend on at least four strategic demands related to its foreign relations: nuclear possession, establishment of a peace regime, improvement of relations with the United States, and restructuring inter-Korean relations - all on North Korea's terms. Jang Sung Taek may be frustrated to find that some significant accommodation on Pyongyang's part is necessary in order to induce the South and the United States to cooperate with his vision of regime survival.

Deteriorating internal conditions

Internally, Jang Sung Taek will have to confront serious challenges during the coming months, especially leading up to the new harvest. Pyongyang withstood the tumultuous critical imbalance to regime-society relations caused by the currency reevaluation from the end of November 2009 to March 2010. The situation has apparently returned to normal regime-state relations since April, at least in the sense that the price of rice and foreign currency has stabilized and no significant actions have been taken either by the regime or by the society. Though less in touch with North Korea's internal reality,¹⁾ some conditions and signs of general deterioration can be detected or surmised. First, we can mention two troubling bits of news regarding North Korea's economy. Domestic food supply has declined from 4.31 for 2008/2009 to 4.11 million tons for 2009/2010. After the Cheonan sinking, South Korea stopped all inter-Korean economic exchanges, causing North Korea to lose income in the range of 280 million dollars. Considering that Pyongyang has used its trade surplus from the South to compensate for its trade deficit with China, trade between North Korea and China will have to diminish accordingly. Second, measures related to the currency reevaluation must have caused an economic depression in North Korea. They shattered the backbone of the market activities, which had been the main source of production and distribution of food and consumer

1) Reports from inside North Korea have been significantly reduced since early April due to an intensified crackdown on the use of foreign cell phones.



goods and of employment and income for most people. Though the regime had to reluctantly allow the market activities to restart in February 2010 after a two month ban, their level cannot have recovered to the previous level, especially in light of the decreased buying power in general, the bankruptcy of small and medium-scale merchants, ruptures in the commercial network, and continued hostility from the regime. Third, the disastrous effect of the currency reevaluation has also triggered politically significant, though small, changes: the people's discontent has been stepped up; the central government has begun to be regarded as the culprit; and people have become noticeably bolder in openly expressing their discontent. Fourth, Pyongyang announced on May 26th of this year that it would be unable to supply food and goods and encouraged self-reliance among organizations and people. This calls to mind Pyongyang's similar response in the early 1990s to the ongoing economic crisis.

Managing underlying discontent among top elites arising from the power succession

One of the major tasks which Kim Jong Il assigned to Jang Sung Taek along with his promotion must have been to contain and manage the power struggle among his lieutenants in the course of the power succession. With his promotion to Deputy Chairman of the Defense Commission, Jang Sung Taek has obtained a stature second to Kim Jong Il and will take on the roles of deputy power manager among top elites and guardian of the designated successor. Whether intended or unintended, it seems that Jang's ascension could undermine or hinder Kim Jong Un's endeavor to build his own power, authority, and financial base.

Kim Jong Un's efforts to build his own power base since January 2009 seem to have disturbed the existing distribution of power and privilege and thereby endangered equilibrium and stability among the top elites. A power struggle has reportedly broken out between the younger and older groups of generals, with the promotion of the former disrupting the distribution of authority and privilege among them.²⁾ The representative of the former is reportedly Kim Young Chol, the head of the Reconnaissance Office, which was organized in early 2009 and is suspected to have been responsible for sinking the Cheonan. The representative of the latter is known to be Oh Keuk Ryol, who reportedly lost a portion of his authority and privilege due to Kim Young Chol's promotion. Moreover, Kim Jong Nam, the first son, has reportedly asserted that Kim Jong Un is the son of Kim Ok, the current secretary of Kim Jong Il, not that of Ko Young Hee, who was Kim Jong Il's lover from the mid-1970s until her death in 2004.³⁾ True or not, this kind of report indicates that the Kim

2) The Donga Daily, June 4, 2010.



Jong Un's efforts to construct his own power base have increased the danger of a serious power struggle among top elites. Jang Sung Taek seems to be charged with the task of keeping peace among the top elites, either while boosting Kim Jong Un's power or while slowing down the succession process.

3) The Joongang Daily, June 6, 2010.

