WHITHER NORTH KOREA?

by

Young Back Choi
choiyb@stjohns.edu

Department of Economics and Finance
St. John’s University
8000 Utopia Parkway
Jamaica, NY 11439, USA

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INTRODUCTION

Events since Kim Jong-Un (KJU, hereafter) inherited the throne of North Korea in December 2011 can best be characterized as attempted consolidation of power while continuing his father’s policy of saber rattling, albeit less successfully. Internally, he has undertaken a series of purges in top posts, while redoubling the effort to shore up the cult of hero-worship on which the legitimacy of his rule rests and mobilizing people for large construction projects around the country to demonstrate his relevance. Projecting toward the outside world, he has undertaken a menacing posture, a nuclear test, long range missile tests, naval provocations, forcing the closure of the Kae-Sung Industrial Park, warning of imminent attacks on South Korea, etc. However, there are reports of increasing economic difficulties—animals in the zoo dying, elevators not running in high rise buildings, mutiny of soldiers from the chronic shortage of food, etc. Increasingly, observers of N. Korea ask the questions: “Is the collapse of N. Korea imminent?” and “If so, what is going to happen to N. Korea?”

The very same sort of questions was asked some twenty years ago, in the late 1980s and the early 1990s, when imminent collapse of N. Korea was widely anticipated and many wondered about the prospect for Korean re-unification. (For example, Choi et al, 2001 and Harrison 2002) Surprisingly, however, N. Korea has managed to survive against all odds—through a decade-long famine that claimed upward of a million lives, with a completely disintegrated economy, and severe international economic sanctions. I suggest, therefore, that we should try to understand the reasons for N. Korea’s surprising staying power before we attempt to speculate about the future of N. Korea. When Korean observers predicted imminent collapse of N. Korean regime in the early 1990s, I believe, they did not sufficiently appreciate the underlying factors of N. Korean staying power. Once we identify these factors, we should try to see whether the reasons are still present, and if not, how things have changed, before we speculate about the likely future of N. Korea.

In the late 1980s and the early 1990s, when socialism was collapsing everywhere, it did not look like the North Korean autocratic regime would survive much longer. The period was marked by the brutal end of Ceauseascu of Romania and the end of communism in Poland in 1989, the German re-unification in 1990, the dissolution of the USSR in 1991, and the subsequent complete collapse of N. Korean economy. According to reports, even many in the inner circle of power in N. Korea doubted the survival of N. Korea during this period. (Hwang, 1999) N. Korean observers’ speculation about the imminent collapse of N. Korea and prospects for Korean re-unification, therefore, was not surprising.

However, the N. Korean autocratic regime has shown a surprising staying power. It has become virtually a hereditary kingdom, in which the absolute power passed from Kim Il-Sung to his son, Kim Jong-II, and now to his grandson, KJU. Despite the near complete collapse of its economy, the starvation of millions, persistent shortage of most basic goods, chronically malnourished population, and complete disregard for human rights, the autocratic rulers of N. Korea have been able to retain the absolute power and maintained an extravagant life-style replete with imported luxuries from the West, despite international sanctions.
What can possibly account for Kim dynasty’s survival through the turbulent and trying times since the 1980s, when most of other communist countries have either collapsed or undergone substantial changes? A good answer to this question is a pre-requisite for any speculation about the future of N. Korea. The objective of this paper is to identify the reasons for the survival of the North Korean regime despite economic disintegration and international economic sanctions. A better understanding of the secrets of N. Korean survival is of great importance as (1) past misunderstandings of N. Korean ability to survive through extreme difficulties have led to a great deal of waste, much human suffering, and geopolitical instability and (2) without a better understanding of its modus operandi is essential to assess the likelihood of its continued survival and a better approach to the N. Korean conundrum.

The plan for the paper is first to examine factors responsible for the North Korea’s staying power until recently. They are divided into two—internal and external. I will first try to explain what these factors are and how they came into being. Next, I will discuss how these two factors may have changed since the waning years of KJI, since 2007. I will close the paper with some speculations on how the changes may impact the staying power of KJU and the likely scenarios for N. Korea.

INTERNATL FACTORS

The principal actor in seeing N. Korea through the turbulent times since the 1980s in the present form was Kim Jong-II (KJI, hereafter). It was his unshakable determination to get and keep the absolute power at any cost that enabled him to weather through the difficult times in which other autocrats with any compunction would have wavered and fallen. KJI is said to be willing, if necessary, to shoot to kill millions, let alone letting millions starve to death. It has been suggested that the principal lessons KJI and his father, Kim Il-Sung (KIS hereafter), drew in the 1980s from the fall of communist dictators in Eastern Europe and the dissolution of USSR was not to flinch in the face of mounting economic difficulties and riots. The brutal end of Ceausescu of Romania made an especially strong impression on KIS, who taught his son, “What matters for power is not the economy, but the party and the military.” KJI’s determination to stay in power was thus a legacy of his father. The most important legacy of KIS was a completely regimented society conditioned to worship deified KIS. KJI cultivated the cult and elevated himself to a deity, worthy of worship alongside his father. A “vampire economy” that enabled KJI to survive even with a collapsed economy was largely his own creation.

Cult of the Great Leader

Proclaimed as the “Great Leader”, KIS consolidated his power in the late 1950s in the aftermath of the Korean War by eliminating rival factions with ties to China or Russia and began to emphasize loyalty first to the communist party (officially “Workers Party of North Korea”), and then to his very person, thus creating a cult. In the cult, KIS was elevated to a super-man status, endlessly extolled in epic sagas of his patriotism, heroism, many miraculous deeds, and his boundless love for people. (For example, he is said to have walked on water, travelled on foot at lightning speed, and in his youth, turned pine cones into grenades.) N. Korean history had been re-written to fit the legend of KIS as a god-like super-hero. The cult became complete with a creed, called the “Ten Principles (of the Party for the Singular Ideology)”, which basically
declares KIS godly and infallible and commands everyone else to show utmost devotion to him only.

Creation of a Caste System Based on the Cult
KIS reconstructed N. Korean society as a caste system based on the cult of worshipping the Great Leader, himself. (Oh and Hassig, 133-135) KIS became, in all but name, the god-king, his immediate family members, the royalty, and his loyal comrades from the days of guerrilla fighting in Manchuria and their family members, barons, or the Special Caste. They constitute the ruling inner circle of North Korea. KIS ruled as the king by heavenly mandates. The kingship has in due course become hereditary.

The rest of the population, the subject, is divided into three hereditary castes, with fifty one sub-classifications, based on their perceived degree of loyalty to KIS—Core, Wavering, and Hostile. The classification is based on the family background (as of August 15, 1945), as well as the individual’s occupation and social activities. The caste system thus created is a strange amalgam of the Marxist-Leninist conception of the capitalist class structure and a feudal conception of the heredity of one’s social station by bloodlines.

The Core Caste includes, in addition to the aforementioned “royalty and barons”, the proletariat, peasants, party members, and those who demonstrated loyalty to the socialist cause, or to KIS. This group makes up about 28% of the population (as of the early 1980s). The core group is the privileged class, making up the high and mid ranking officials in the government, the communist party or the army. They are entitled to many benefits such as luxury housing. They also have privileges in schooling, promotion, extra rationing, medical treatment, etc. They can have personal phones and have access to foreign publications, listen to foreign radio broadcasts. They constitute hereditary nobles.

The Wavering Caste, including the petty-bourgeoisie, the lumpen-proletariat, medium size farmers, small land lords, expatriates from overseas, intellectuals, etc., makes up about 45 to 50% of the population. People classified as the wavering caste, due to one’s birth, has limited career opportunities as low ranking officials or technicians. Their promotion to higher rank is blocked, except in few exceptional cases. They have limited access to health care and subsist based on limited income and rations.

The remaining population is classified as the Hostile Caste, (regarded as the enemy of the proletariat and/ or the enemy of nationalism, or anyone deemed disloyal to KIS). The Hostile Caste includes the bourgeoisie, rich farmers, large land lords, imperialist lackeys, reactionaries, the religious, etc. In addition, people who either left or removed from the communist party, philosophers, people who served in organizations judged to be hostile, family members of the arrested and incarcerated, those related to spies, those who are opposed to the labor party or to the revolutionary causes, family members who are punished for whatever reason, ex-convicts, political prisoners, members of democratic party, and so on. People thus classified, whether through the judgment of the Party or by birth, are deprived of human rights (including the right to marry and have children), excluded from society, and are discriminated against, regardless one’s ability. They are barred from colleges, the Party, and cannot become an officer in the army. They are constantly harassed and often sent to concentration camps.
Slaves, inmates in concentration camps, undergird the caste system. Those who are found to be disloyal to KIS are publicly executed and others are forced to witness the execution. Those who are spared and the family of the executed (usually parents and children of the accused, but may include siblings and their families, as well) are immediately branded as hostile and sent to a concentration camp, euphemistically called, “control depot”, *kwalliso*. These are basically slave camps in which the inmates are at the complete mercy of guards and are forced to work 12-18 hours a day; failure to obey any command results in torture and death. Some 200,000 are estimated to have been held in the concentration camps, extreme conditions of which have been reported in books such as *Escape from Camp 22*.

The Loyal Caste makes up the higher ranks of the Party, the government and the military. They and their families tend to live in the capital city, Pyung-Yang, where most resources are available. The Wavering Caste occupies many functionary positions and lives in medium and small cities or rural areas. The Hostile Caste is basically exiled to remote border areas and mining districts, or even to the slave camps.

The rationale for the strict regimentation of N. Korea along the hierarchical and hereditary castes rests on the cult of KIS. There is no god in N. Korea, (as she was nominally a socialist state until 2013 when KJU removed the word socialism from her Constitution.) But KIS was (and still is, even after his death) portrayed as a god-like super human being, and people have been conditioned, at the pain of being classified as hostile, to express their adulation and gratitude for him at all hours and at every occasion. Anyone with any indication of disloyalty will end up in a gulag; for example, carelessly sitting on a newspaper with KIS’s picture on it, or allowing dusts to settle on the obligatory portrait of KIS will result in a trip to gulags. The majority of those who have survived in the system ends up internalizing the cult. A typical N. Korean, therefore, appears to be sincerely pious to “the Great Leader” and his son, “the Dear Leader”. Failure to so appear means being classified as hostile and suffering the terrible consequences of being so classified—execution or a slave camp, not only for oneself, but also the one’s spouse, children, and parents. The N. Korean cult is a strange amalgam of Christianity, Confucianism, and a caste system. The cult has Christianity-like doctrine of messiah in KIS as the savior of N. Koreans, and the Ten Principles, analogous to the Ten Commandments. It also has a Confucianism-like emphasis on absolute loyalty to the ruler with heavenly mandate. N. Korean caste system is an atavism of the Old Korean caste system.

Forced Internalization through Surveillance and Collective Punishments
The ground work for the cult of KIS was laid in the 1960s, when N. Korea seemed to have recovered from the devastation of the Korean War fully and was economically and militarily stronger, (with much assistance from the USSR and China, as well as other socialist countries) than the war-ravaged and slow-recovering S. Korea. KIS claimed full credit for the recovery and declared that N. Korea was the only legitimate state in the divided Korean Peninsula; S. Korean government was only a puppet state of American imperialism, dominated by former Japanese collaborators. He also boasted that N. Koreans, thanks to his Great Leadership, were much better fed than the poor brethren in S. Korea. KIS exhorted N. Koreans to following him and dedicate themselves to the patriotic duty of liberating S. Koreans from the bondage of American imperialism.
To insure a total internalization of the cult of the Great Leader, KIS instituted a system of surveillance and control, by reviving the ancient system of collective responsibility, in which not only the guilty (of disloyalty), but also the person’s father and his relative as well as the person’s mother and her relatives, as well as children, are punished. Basically, the whole clan is held to be guilty by association for anyone’s failure to display piety to the Great Leader, (or a failure to please him). Everyone is forced to publicly confess daily his or her “sins” (of disloyalty to the Great Leader) and report on others’ sins. To instill fear among population, N. Koreans, from the elementary school onward, are regularly forced to witness frequent public executions by a firing squad.

Emergence of a Vampire Economy
Though KJI formally assumed the power only in 1994, when his father died, he played a major role in shaping N. Korea since the early 1970s. Since the late 1960s KJI schemed to put himself in a position to succeed his father and managed to get himself officially named the “Crown Prince” in 1972 over his sibling. With a flair for theatrics, KJI added much oomph to the cult of worshipping his father. (Of course, KJI managed to insert himself as the second hero.) He had N. Korea history re-written to demonstrate the super-human nature of his father, fabricated many miraculous signs of the Great Leader, built gargantuan monuments to memorialize his father all over the country, and staged spectacular demonstrations of the devotion of the masses to the Great Leader. These pleased his father greatly and KJI’s position as the Crown Prince became secure. KJI recruited his own clique and bribed his father’s close associates to support his case as the heir and eliminated anyone who might in the way.

In order to carry out his schemes, KJI needed secret funds, (kept even from his deified father), to fund the numerous projects for the glorification his father, to payoff political allies, and to spend on his own extravagant life-style. (Cha, 78) KJI took advantage of the situation in the late 1970s and the early 1980s when KIS himself tried to hide money from foreign creditors as N. Korea could not repay foreign loans acquired since the early 1970s. N. Koreans kept foreign exchange earnings from weapons export, for example, hidden from foreign lenders in secret accounts, separate from any official account. This is the beginning of the creation of an unofficial economy by the ruler.

With the help of his close associates, KJI began to create a series of “export businesses” that were separate from the national economy, but generated ample foreign exchanges for him to spend. Over time, KJI managed to takeover many sectors of the N. Korean economy that can generate foreign exchange (for example certain fisheries, mining, weapons export, labor export, export of indigenous products, etc.) and turn them into his personal business empire. It is in this sense we may call KJI’s personal business empire as a vampire economy sucking the blood out of the already struggling N. Korean official economy. (The North Korean economy, therefore, consists of three distinct elements—the vampire economy dedicated to KJI, the official economy in shambles since the late 1980s, the unofficial economy in which the majority of N. Koreans obtain various goods, including food.)

Over time, KJI added many more lines of cash cow to his business empire, including counterfeiting, drug smuggling, insurance fraud, tourism, labor exports including body guards (to Mugabe of Zimbabwe), lumber jacks (to Siberia), construction workers (to China), contracting
out workers at Kaesung Industrial Park, etc. (It should be noted that 90-95% of the wages of workers dispatched overseas, or employed in special economic zones, were paid to KJI.) KJI also greatly expanded concentration camps to use the inmates as slave labor to manufacture exportable products, (for example, bags, shoes, clothing items, etc.) In addition, KJI collected “voluntary” donations from starving population on various pretexts, e.g., to build monuments for the Great Leader. The vampire economy continually grew to the point of reputedly accounting for about 70% of income of N. Korea. Cash from his personal business empire is used solely at his discretion. Funds from his businesses are used to buy loyalty of his close confidants, to build numerous villas around the country, threw un-ending parties, and, of course, invested in his own businesses, (including the production of WMD). It is the cash from his personal business empire, largely hidden from the outside world, which sustained KJI in the 1990s and the 2000s. When KJI died in 2011, his son, KJU inherited the father’s ongoing business empire (plus about $4 billion in cash.) The recent execution of his uncle has much to do with the control of the Kim family’s business empire.

Mounting Economic Difficulties and the Fall of USSR

Many observers of N. Korea believe that the economic difficulty of N. Korea started with the fall of the USSR in 1991. Economic difficulties of N. Korea actually began much earlier, from about 1980, around the time when the visible signs of distress and fracture in the Eastern Bloc appeared. According to Helen Hunter, former CIA analyst who had tracked food rations in N. Korea, the amount of food rations began to decline from the mid 1970s and continue to decline through the mid 1980s, when the majority of N. Korean was forced to eat only two meals a day on meager rations, while working longer and longer hours. As a stop gap measure, KIS managed to secure some economic assistance from Zhou En-Lai of China in the late 1970s, which has continued to this day. Chronic malnutrition was already common among the Wavering and the Hostile castes by the early 1980s.

KJI tried to improve the economy by employing a series of measures in the 1980s, but none made any difference. Many of the measures tried, however, were quixotic attempts to implement Juche ideology, the revealed wisdom of “the Great Leader” himself. (The policy of pushing for greater self-sufficiency in food supplies not only failed to achieve the stated goal, but also created the very conditions for flood damages in 1995.) Moreover, the big push to develop the armament industry resulted in billions of dollars in foreign loans in default. Other attempts at Chinese-style reforms such as special economic zones and limited allowance for economic incentives were rendered unworkable because of KJI’s paranoia about losing control and his greed to squeeze whatever he could. N. Korea’s already crippled economy continued to deteriorate. Each failed policy was blamed on the technocrats in charge of the policies; judging each failure as a sign of disloyalty, officials in charge were tortured and executed and or sent to a concentration camp along with their families. While he micro-managed the economy, KJI blamed everyone else for the struggling economy.

The economic situation in N. Korea was made far worse by the extravaganza of 1989, viz., the “World Festival of Youth and Students”. The costly event was meant as a counter-demonstration of the greatness of KIS and KJI against the successful 1988 Olympic Games held in S. Korea. The costs of the KJI’s extravaganza—construction of new stadiums, invitation of some 22,000 people from 177 countries, etc.—exhausted already struggling N. Korean economy. Socialist
countries in Eastern Europe and USSR had pledged some contributions. But understandably none came through; as they themselves fell apart.

Disintegration of the Eastern Bloc in the late 1980s and the early 1990s imposed a crushing blow to N. Korea that had already been barely scraping by. Barter trade among socialist countries ceased completely (for the official N. Korean economy). Export outlet to socialist countries collapsed completely and erstwhile suppliers of raw materials and parts, especially fuel oil, now demanded cash at the world price. Without any cash to buy input, the production of electricity was reduced drastically. The majority of factories in N. Korea stopped operating and workers were idled without pay and without ration. The situation was made worse as KJI grabbed whatever remaining resources for his own export businesses. A large part of the population was basically abandoned. (Even so, they are forced to supply labor at the direction of KJI.)

With the rationing system crippled, if not abandoned, many loyal N. Koreans (waiting faithfully for succor from the Great Leader) died of starvation by tens of thousands. Others managed to survive by selling what little they had to buy food. Many factory workers and managers stripped factories and sold parts (to Chinese), but such was a temporary measure in the face of chronic shortage of food. Thousands began to die of starvation. Widespread vagrancy among children, known as kkojjebi (derived from Russian word kochev’ye for wondering) became a common sight in N. Korea. The children are usually orphans of parents perished from starvation or missing, often left home looking for food in China and did not return. (Unbeknownst to the kkojjebi their parents may be shot to death by border guards or in a N. Korea prison, or sold off as slaves or prostitutes in China.) Leaving behind the dismayed faithful, KIS died in 1994 and his son, KJI, formally assumed the power.

Deification of KIS and the March of Agony
Grief from the death of KIS overwhelmed N. Koreans, brainwashed to believe that their lives depended on, and was at the mercy of, god-like KIS. The de facto ruler of N. Korea for over a decade, KJI, was officially declared the successor. The first thing KJI undertook to do was the deification of KIS (and of himself, by association.) He staged a lengthy mourning period and a massive funeral procession for which hundreds of thousands of N. Koreans were mobilized from all over the country. (Normally, most North Koreans are not allowed to travel outside the district in which they are assigned to live.) While hundreds of thousands were starving to death, (not counting many more already died of starvation), KJI spent upward of a billion dollars to remodel KIS’s official residence into a gargantuan mausoleum, called “the Palace of the Sun”. All over the country he built thousands of great monuments with the inscription, “Comrade Kim Il-Sung, the Great Leader, is with us forever.” They are called the “Monument to Eternal Life” and citizens are made to show devotion whenever they pass by them. In addition, hundreds of gargantuan statues of KIS were erected, many with elaborate mosaic work to render him life-like. Hundreds of millions dollars had been spent to build these monuments and statues, mobilizing starving population to the construction projects.

When N. Korea was inflicted with a massive flood in the summer of 1995, N. Korean agricultural output declined far below the normal. (People were starving to death even with the normal harvest!) What little food there was was given to the Special Caste and those who are regarded as essential in the operation of KJI’s dollar generating businesses. Others were simply
abandoned, left to fend for themselves. N. Korean embassies were ordered to generate cash (who knows how) to support themselves and remit cash to KJI. Even the Army was asked to feed itself by and large. Upward of one million (some say up to two million) people died of starvation and many more barely lingered on by scavenging the countryside. The evidence of malnutrition became noticeable among the majority of people. Children with stunted growth are a common sight.

Anyone less cold hearted than KJI would have wavered at the sight of what was happening in N. Korea in the mid 1990s—complete collapse of the economy, millions starved to death and many more on the verge of starvation. But he did not flinch. KJI spent upward of a billion US dollars to create a mausoleum for his father as the holy temple of the cult. He continued to provide for those who could possibly threaten his power, the elites and the army. He announced the doctrine of the “Army First” in 1995. He meant to stay in power by force. To KJI, the American political wisdom, “It is the economy, stupid” would sound idiotic. He understands the Mao’s wisdom: “Political power grows out of the barrel of the gun.” KJI asked people to put up with the hardship, during the “Arduous March”, promising a better day in the future.

KJI squeezed the collapsed economy for the last drop of blood—increasing output in mines, fisheries, indigenous products, etc. to generate more foreign exchange for himself. Various bureaus of government and the army began to undertake cash generating activities, some by selling any exportable indigenous products, including mineral ore (and lately rare earth material) and manufactured goods from slave camps, but also others, including arms exports, exporting mercenaries and common laborers, smuggling illegal drugs such as heroin and methamphetamines, and manufacturing and exporting various counterfeits, such as the “super-dollars”, counterfeit Viagra and Marlboro cigarettes, etc. (One of the hottest selling items is statues of foreign dictators.) All the money so generated found its way to KJI’s personal coffer. All cash generating business were incorporated into the vampire economy.

Visible Signs of Cracks

Some among elites began to waver, however, from the late 1980s and the early 1990s. One of them was Hwang Jang-Yop, the highest ranking N. Korean to defect in 1997. For eleven years until 1983, he was the chairman of the standing committee of the Supreme People’s Assembly. Before that for seven years he was the president of KIS University. In 1983 Hwang fell out of KJI’s grace by advocating a Chinese style reform and was demoted. Luckily, he was not purged. (He is said to be the principal author of Juche ideology and professor of KJI.) According to Hwang, KJI would never voluntarily relinquish his power and leave N. Korea, nor would he adopt a Chinese style reform, because KJI feared that in such a reform he would lose control over power and his profitable business empire.

Even as KJI hung on to the power and indulged in his lavish life-style, the economic condition of N. Korea continued to deteriorate. A large part of the population was foraging the countryside and mountains to survive. (There are reports that mountains are denuded and there is no more squirrels left in N. Korea.) The desperate crossed the Chinese border to trade or to obtain food, at the risk of being arrested or shot. Many more crossed the border for good, facing the danger of being sold to servitude in China or being rounded up and sent back to N. Korea to face torture and starvation. Since the late 1990s, about two thousand a year have managed to find their way
to S. Korea, (via China, Mongolia, Vietnam, Laos, Russia, etc.) The total number of North Korean refugees settled in South Korea is about twenty five thousand in 2014. News about the prosperity in China, S. Korea, and elsewhere began to penetrate N. Korea. To increasing number of people, the supposed N. Korean utopia began to feel instead like a dystopia. Under the situation, according to the defector Hwang, KJI could not have survived too long. There would have been a coup to dethrone KJI, or a complete disintegration of exhausted N. Korea.

KJI, nevertheless, managed to stay in power through the late 1990s and beyond. It is because his “Army First” policy with nuclear weapons as the trump card and the starving population as a hostage- began to pay off handsomely due to changes in external circumstances. Let me first describe N. Korea’s nuclear weapons program, combined with strong army that became a lifesaver for KJI.

North Korean Nuclear Program
In the 1960s N. Korea asked USSR and China for help with nuclear weapons development. Both refused. In 1963, Russians, however, helped N. Korea to build a small nuclear reactor in Yong-Byon for scientific purpose and help train nuclear engineers, (presumably in exchange for an access to rich uranium deposits in N. Korea). Since then, N. Korea continued with its ambition for nuclear weapons. In 1974, the reactor was upgraded to 8 MW. Soon after, N. Korea built the second reactor, along with uranium ore processing and fuel rod fabrication, without outside help. In 1985, N. Korea acceded to the Nuclear Non-Proliferation Treaty (NPT). In 1992, N. Korea signed a nuclear safeguard agreement with the IAEA. Even so, KJI’s nuclear program continued, possibly aided by scientists-to-hire after the fall of USSR. With the fall of USSR and the demonstration of American precision air-striking capabilities in Kosovo, KJI felt threatened and came to regard nuclear weapon as the ultimate deterrence against possible American attack.

The stated reason for building nuclear power plants was to deal with the energy shortage N. Korea was faced with. What concerned outsiders was the enrichment of uranium and the disposal of spent fuel, (and N. Korea already had accumulated some from its two research reactors), that can be reprocessed to extract plutonium for nuclear weapons. KJI played the nuclear game fiendishly.

The first N. Korean nuclear device was detonated in 2006 and N. Korea also tried to demonstrate its capability to deliver the warhead at a distance by launching long range missiles. But the fact is N. Korea had, at best, only few nuclear devices, and its ability to deliver warheads was limited to S. Korea and perhaps to Japan. If a nuclear bomb is indeed delivered to S. Korea, N. Korea will have to face a certain US nuclear retaliation and the end of Kim dynasty. And KJI had witnessed and feared the American precision bombing capabilities in Kosovo and the first Gulf War.

But external factors were such that cool heads did not prevail. The pronounced fear nuclear proliferation, a sudden collapse of N. Korea, and possibly desperate military actions against S. Korea enabled KJI to play rough and erratic, and get paid handsomely by feigning to be reasonable when useful. KJI would threaten to turn Seoul into a burning inferno, suggest nuclear threat even to the US or Japan, and then would come to a negotiating table only to throw a temper tantrum, or make an agreement in exchange for pay and then renege on agreements. (N. Korean nuclear threats to US are laughable but American political leaders had their own reason
to interpret them as credible and the need to deal with them, by appeasement, if necessary). Recurrent provocations through border incursions, assassination attempts on S. Korean presidents, bombing of S. Korean islands, and even sinking a S. Korean naval corvette, are KJI’s regular repertories. With leaked stories of his indulgences and fantastic and costly celebrations in the face of starving millions, he became a favorite lampoon figure on the American TV show, *Saturday Night Live*. While the American audience laughed at the caricatures of KJI, his antics became quite lucrative. It was KJI who really laughed all the way to the bank. To understand how this was so, we have to briefly consider the external circumstance.

**EXTERNAL FACTORS**

In the early 1990s, with the disappearance of most of communist allies, the complete disintegration of the economy, and the fantastic displays of American military capabilities in Iraq and Kosovo, the ailing “Great Leader” and the “Dear Leader”, *de facto* ruler, were very concerned about their survival. After witnessing what led to the Tiananmen Square incident, they became aware of the pitfalls of the Chinese style reform. KJI announced the “Army First” policy, expressing his resolve to stay in power by force against any threat. Even with an enormous military—a standing army of 1.2 million and 7.8 million more in reserve—N. Korean rulers came to believe that they needed nuclear capabilities for deterrence against possible outside attempts to topple them. A nuclear capability was conceived as the ultimate deterrence, (especially so, as KJI came to regard Russia or China as less than reliable protectors). The nuclear program became, in time, a major source of profit for KJI, by alternating brinkmanship and compromise, for a consideration. N. Korea would announce the development of nuclear capabilities and the concerned parties (S. Korea, U.S., and Japan) would offer incentives to desist; KJI would get the payoffs, even as he continued clandestinely with its nuclear programs, only to hint at further progresses made (meaning more potential threat) and then demand more.

**Humanitarian Aid Siphoned off by KJI**

While pushing for the development of armament industry and nuclear capabilities, KIS sought humanitarian aid by intimating softening of religious repression. In 1990 Billy Graham and Moon Sun-Myung visited KIS. Many other religious leaders paid homage to KIS, as well. Massive amounts of food and medical aid had been given since for the starving in N. Korea, through channels of government, international organizations, and religious establishments. (Many religious leaders were duped by KIS and KJI to provide humanitarian aid when the religious were all rounded up in slave camps.) However, the food aid was mostly siphoned off to replenish the dwindling supply of the military and kept the loyal caste fed. The rest of the population for whom the aid was intended had only a small fraction of the aid. There has been a trickle-down effect in that Army or Party officials sell grains, (either allotted to them, or stolen from government storages), in the market. KJI not only siphoned off aid goods for his own use, but boasted that they were given by foreigners as peace-offering, out of fear of KJI and respect for his greatness.

**Nuclear Weapons Program as A Wild Card**

When N. Korea was caught cheating on the nuclear safeguard agreement in 1992, the US Defense Secretary Perry suggested that the U.S. should bomb N. Korea nuclear reactors in the
manner of Israeli bombing of Iraqi reactors. But it was difficult. N. Korean facilities are much better protected; most important N. Korean facilities are underground in mountainous region with heavy anti-air defense. Also, the cost of possible spillover from such an action could be unbearable; hitting nuclear facilities in N. Korea may lead to an all out counter attack on S. Korea, resulting in millions of casualties. (The bulk of S. Korean population lives within the artillery and missile ranges of N. Korean army.) In addition, there was the potential of N. Korean using the stockpiles of other WMD, such as chemical and biological. In 1994, the U.S. general Lucky warned President Clinton that a second Korean War would result in one million casualties, $100 billion in costs to the U.S. and $1 trillion in industrial damages. (Cha, 285) The projected collateral damages were perceived to be too great and met with a vigorous S. Korean opposition.

S. Korea and the US, therefore, agreed that the next best option was to induce N. Korea to agree to deactivate the soviet style reactors and to safeguard the spent fuel, from processing into weapons grade material. N. Korea was to be offered the carrot-and-stick. The stick was economic sanctions, in lieu of military actions, and the carrot was the promise of building two light-water nuclear reactors for electricity, as well as supplying fuel oil while the reactors were being built. The Korean Peninsula Energy Development Organization (KEDO hereafter) was established for the purpose in 1995. KEDO was dissolved in 2005, however, with only 40% of the construction complete. The reason for the dissolution of KEDO was the discovery in 2002 that N. Korea, in contravention to the agreement, clandestinely continued its uranium enrichment and plutonium reprocessing. The IAEA inspectors had been hoodwinked. Caught cheating, N. Korea angrily withdrew from the Non-Proliferation Treaty in 2003.

However, before the dissolution of the KEDO, KJI received over $500 million worth of fuel oil, during the time of critical shortage, and hundreds of millions of dollars in wages for N. Korean laborers at the construction sites, all of which went into KJI’s personal coffer. The total funding of KEDO in ten years was over $2.5 billion, the bulk of which came from S. Korea, the rest from Japan and US.

Emergence of Pro-North Korean Factions in South Korea

Even more fortuitous for the survival of KJI were political changes in S. Korea, brought about in part through the success of sustained N. Korean propaganda, resulting in a substantial fifth column in S. Korea. How did it happen?

It is well known that S. Korea enjoyed sustained economic growth, from the mid 1960s through the late 1980s, mostly under authoritarian rules of former generals. In less than three decades, S. Korea graduated from abject poverty to become a prosperous and vibrant economy. During the rapid growth period, however, increasing number of S. Koreans developed a stronger resentment against the authoritarian rulers and longed for democracy. A substantial portion of the pro-democrats were attracted by N. Korean ideology of *juche*, appealing to nationalistic sentiments. As a consequence, they developed a strong dislike against the S. Korean authoritarian rulers, stronger than anything, including the threats from N. Korea. N. Korea constantly threatened with military actions and terrorism including frequent border skirmishes, bombing and killing a large number of S. Korean officials in Rangoon (which was meant for the then President Chun on a state visit), assassination of President Park’s wife, the attempted assassination of S. Korea president by a N. Korean commando unit, blowing up of a Korean passenger flight in midair near
Burma (in an attempt to derail the 1988 Seoul Olympic games), and the recurrent threat of turning Soul into a burning inferno, etc. Even so, many pro-democrats came to believe that N. Korean threat is secondary, if at all; they tend to completely overlook the gross violation of human rights in N. Korean gulags, the starvation of millions, and the bankruptcy of N. Korean economy through Kim dynasty’s mismanagement.

A large portion of S. Korean population, especially among the young, came to be persuaded by N. Korean propaganda—especially since the suppression of the Kwangju Uprising in 1980—in questioning the legitimacy of S. Korean government. Many swallowed the N. Korean propaganda in whole and believed that S. Korean government is not really legitimate because of it was created and maintained by the U.S. and remained subservient to her and that N. Korea is the only legitimate government of Korea because of her thorough-going stance on nationalism, viz., juche. To many of the new generation of S. Koreans, the U.S., not N. Korea, was the main cause of instability in Korea. In addition, many S. Korean have come to show surprising nonchalance toward the N. Korean nuclear program (when the only realistic target is S. Korea) and remain apathetic to international concerns for nuclear proliferation in the Korean Peninsula. Many rather discounted the news of the mass starvation and human rights violation in N. Korea as mere S. Korean propaganda! They seem naively to think that if Korea became unified, Korea would become a nuclear power, (conveniently failing to raise the question of under whose terms Korea may be unified. They seldom contemplate on the prospect of living under KJI’s rule.) These changes in S. Korean attitudes represent a profound political victory for KJI.

In addition, even those who are not necessarily won over by the N. Korean propaganda began to worry about the possibility of the collapse of N. Korea and, after witnessing the German unification, and about the high costs the re-unification of Korea might entail. They tended to argue that the collapse of N. Korea should be prevented. Reflecting the mix of decidedly nationalistic, pro-North Korean, and anti-American sentiments, along with the fear of war and the dread of high taxes and massive refugees from north if N. Korea were to collapse, Kim Dae-Jung (KDJ hereafter) was elected the President in the late 1997, in the midst of the Asian Financial Crisis that embroiled S. Korea.

The Sunshine Policy, Succor to KJI
KDJ soon began to promote the “Sunshine Policy” toward N. Korea. In the familiar Aesop’s fable, “the wind and the sun”, it was the warm Sun, not the fierce North Wind that won the bet on disrobing the wayfarer. KDJ argued that, accordingly, the best way to induce N. Korea to reform was not to threaten her with military attacks or to isolate her by imposing economic sanctions, but to help N. Korea overcome economic difficulties. N. Korea would then become a peaceful member of international community.

(It is a profound perversion of the metaphor, in my opinion. The perversion arose from ignoring the distinction between KJI (and his vampire economy) and the majority of N. Korean people (and the decimated economy.) If Aesop’s fable is properly understood, it is N. Korea which should practice a sun-shine policy. For only if KJI stop menacing the South and stop developing WMD out of paranoia, he could have access to international market and much economic assistance from abroad.)
Hwang Jang-Yop, who had just defected in 1997 from N. Korea because of KJI’s refusal to reform and strongly believed that N. Korea was about to topple at any moment, was flabbergasted at the suggestion that pressure against KJI should not only be eased, but also that S. Korea should provide KJI with money and food, to prevent the collapse of his regime. To Hwang, it was delusional to think that KJI would reform for the sake of alleviating the suffering of N. Korean population. KJI had already abandoned them since the late 1980s. KJI’s paramount concern was to retaining his absolute rule over N. Korea and make money from his own personal business empire. (It must be noted that KDJ government, in the name of security concerns, severely limited Hwang’s ability to communicate his views to the public.)

Many S. Koreans, as well as US policy makers, were persuaded by KDJ and the Sunshine Policy became official. The invitation of Billy Graham and other Christina leaders to visit KIS certainly suggested the possibility of softening of N. Korea. Much humanitarian aid from religious and international organizations was poured into N. Korea. Also, in 1998 Chung Ju-Yung, the founder of Hyundai Group, (born in a village located in the present day N. Korea) brought 500 cows to N. Korea as a peace offering. (He left behind hundreds of brand new Hyundai trucks on which the cows were transported as well.) He also arranged with N. Korea to begin tourism of Mt. Kumgang for S. Koreans. Between 1998 and 2008, about two million S. Koreans toured Mt. Kumgang, transferring hundreds of million dollars to KJI. On his part, KDJ arranged a $100 million development “loan” to N. Korea. In 2000, a summit meeting of two Koreas took place in Pyong-Yang. For his contribution for (seemingly) lessening the tension in the Korean peninsula, KDJ was awarded the Nobel Peace Prize in 2001. (In 2003 it was discovered that KDJ paid KIS, through Hyundai, $700-800 million for the price of the summit meeting. Chung Ju-Yung’s chief of staff was later sentenced to 12-year prison term for his role in illegally transferring the fund. In the same year, the then CEO of Hyundai Group, Jung Mong-Hun, son of the founder, committed suicide in the midst of an investigation into the illegal money transfers to N. Korea.) There is no question that during the critical period KJI received substantial reliefs (four billion dollars at least), through the KEDO, Hyundai, KDJ, the Mt. Kumgang tourism, the Kae-Sung Industrial Park, and humanitarian organizations from S. Korea as well as other countries. In addition, KDJ and his successor, President Roh Moo-Hyun, did their best not to antagonize, nay appease, N. Korea. The Sunshine Policy enabled the ruthless KJI to survive, as Hwang Jang-Yop feared. All the money thus transferred to N. Korea was put in KJI’s personal coffer and used to further his projects—extravagant consumption, showering close associates with expensive gifts to buy their loyalty, and pushing for weapons technology, nuclear programs, and, he added, a cyber warfare division.

Did N. Korea reform? Not really. Yes, some half-hearted attempts had been made. If any of them showed a sign of success, however, the reforms were reverse for fear of losing control, or tightened control to extract more money for KJI. For example, N. Korea began to allow markets in 2002. It meant officially recognizing many of the markets already sprung up as people try to obtain goods when N. Korea stopped distributing rations for the majority of population. Soon, however, KJI began to tighten control of markets because of what KJI believed to be the perverse effects of markets—flow of information (including the news that hardly anyone starves to death in China or S. Korea with the obvious implication that KJI had been lying to N. Koreans), corrupting morals (from watching smuggled S. Korean DVDs) and rise of the “rich” (with weakened fealty to KJI). The substantial increase in resources, thanks to the sunshine
policy, actually bolstered KJI by allowing him to distribute the additional resources to the military and the Loyal Caste (most of whom live in Pyong-Yang), and to fund his nuclear programs, among other things.

In 2002, the U.S. obtained evidence that N. Korea had, in violation of agreements on which the KEDO was found, continued to enrich uranium and re-processing spent fuel rods from its two supposedly decommissioned scientific reactors. President Bush named N. Korea, along with Iran and Iraq, the “Axis of Evil”. After much wrangling over evidence of nuclear evidence, N. Korea withdrew from the non-proliferation treaty in 2003 and the KEDO was finally disbanded in 2005.

In 2006, N. Korea conducted its first underground nuclear detonation and to demonstrate its capability to deliver nuclear warheads, launched long range missiles, (which fell in the East Sea near Vladivostok.) In compliance with UN sanctions and under the U.S. pressure, China seized KJI’s personal bank account in Macau, apparently severely impacting KJI’s personal cash flow. Only then, in 2007, N. Korea agreed to freeze its nuclear development, in exchange for 0.5 million tons of fuel oil per year and the normalization of relationship with the US and Japan. (The Macau bank account was promptly unfrozen.) But whatever agreements N. Korea made were not in good faith. Repeatedly, N. Korea would promise something for a price. After the payment, N. Korea would renege. N. Korean nuclear program continued, with the second nuclear test in 2009 and the third test in 2012.

The US-South Korean efforts to induce N. Korea to behave less erratically evolved into the Six-Party-Talks, involving China, Russia, and Japan, in addition to US and two Koreas. The idea is that all stakeholders in the region should participate in settling a negotiation. But with so many cooks with different vested interests, it is difficult to prepare a meal. The talk merely provided KJI a forum to air his demands. Whenever he does not get what he wants, N. Korean delegates would simply walk away from the table.

KJI’s Influence in S. Korea
KJI thought time was on his side, given the growing influence of pro-North Korean factions in S. Korea and the growing anti-American sentiments they stoked. (Cha, 51-52; Oberdorfer and Carlin) Under the Presidency of KDJ, many erstwhile democratic fighters came to dominate all branches of government, including the judiciary. They came to the fore in education, media, entertainment, labor, etc. Alas, the democratic fighters were of varied color—nationalists, liberals, socialists, and downright pro-KJI. In addition, many politically oriented NGOs with anti-American orientations were generously funded by the KDJ administration. As a consequence, whenever disputes between N. Korea and the US concerning nuclear development developed, or when tensions rose between the two Koreas, anti-American demonstrations were staged. It is as if anti-American demonstrations are directed by KJI himself. For example, in 2002 when N. Korea was caught cheating on its nuclear agreements and many horrendous human rights violations came to light. President Bush promptly called N. Korea an axis of evil. A road accident in which a US Army tank killed two Korean school girls was quickly turned into a cause célèbre for pro-North Korean groups. Nationwide candlelight vigils and protests followed, citing the accident as an evidence of how Americans ill treated Koreans. Protesters demanded that President Bush personally apologize for the wrong committed. Some agitators tried to remove the statue of General MacArthur in Inchon, arguing that if not for Gen.
MacArthur Korea would not have remained a divided country. (If not for him, S. Korean would be living under KJI’s rule.) Some even demanded a complete withdrawal of the U.S. forces from S. Korea. In the midst of heightened anti-American sentiments, a human rights lawyer Roh Moo-Hyun was elected President to continue his predecessor’s pro-North Korea policy. The situation in S. Korea afforded much room for maneuvering and profit for KJI.

**Neighboring Countries—Japan and China**

As far as N. Korean situation is concern, Japan has played a less active role, (aside from the longstanding demand that N. Korea should return Japanese abducted from Japan and kept in N. Korea.) Japan mostly tended to go along with the U.S. and, upon request, provided some funds to support American policies in Korea. There are two exceptions. One exception is Japanese, in concert with international sanctions to block KJI’s finance, stopped the flow of funds to N. Korea from pro-North Korea Korean-Japanese organizations. The other exception is that Japanese nationalists/conservatives with an ambition for Japanese re-armament, including nuclear, began to drum up N. Korean threats as serious. Though N. Korea is hardly a threat to Japan, Japanese nationalists portray the potential threat of N. Korea as significant and push for greater resources for the military, and gearing up for nuclear armament. (Japan already has all necessary ingredients and technological capabilities in place to go nuclear on short notice.) One of the real reasons for Japanese interest in rearmament is partly to reclaim the lost national dignity and partly to counter the expansion of China and her ability to disrupt Japan’s maritime lanes.

China which shares a long border with N. Korea has a much more active interest in the fate of N. Korea. The overarching objective of China appears to be not to jeopardize the sustained growth of her own economy, which requires peaceful relationships with trading partners (including S. Korea), insofar as they are consistent with its territorial integrity and defense concerns. Within this context, China’s main interests in N. Korea appear to be three-fold. One, and the most important, is to keep N. Korea as a sphere of influence. If N. Korea is absorbed by S. Korea, it may mean that the US forces stationed in S. Korea could approach the Chinese border. Chinese dread this possibility and want to avoid it by all means. That is why Chinese have done as much as it has to sustain N. Korean regime, not only giving economic aid but also not-recognizing political refugees from N. Korea, arrest them and send them back to N. Korea. The second is the potential for massive refugees from N. Korea. Current Chinese official policy is to round up N. Korea refugees and send them back to N. Korea, where many face torture and execution. Even so, hundreds of thousands of desperate N. Koreans have crossed the porous Chinese border, either to settle in China or en route to S. Korea via Mongolia, Russia, Laos, or Vietnam. A massive inflow of refugees, if the Kim dynasty failed, would be difficult to control and their settlement in size may not be welcome given the already heavy concentration of ethnic Koreans in certain regions of Manchuria. (I believe that this fear is overblown and used to justify China’s refusal to recognize N. Korea refugees. If KJI, now KJU, fell, the situation for the majority in N. Korea cannot become worse than it is now. If anything, the situation for the majority of N. Korean would quickly improve, initially from foreign aid, and over the long run through economic development.) The third is Japan becoming a nuclear power, on the pretext of responding to N. Korean threat. Nuclear Japan would be a significant challenge to China’s ambition for regional hegemony. So China would like to see KJI downplay if not stop his nuclear program.
CHANGES SINCE CIRCA 2007

The ten-year long Sunshine policy sustained KJI through the difficult times and enabled him to maintain his menacing postures toward S. Korea. During the period, S. Korean politics decidedly made a leftward turn. The U.S.-South Korean relationship became increasingly strained. In addition, many anti-business policies were adopted in S. Korea under two consecutive leftist presidents. These developments began to worry increasing number of S. Koreans about the economic prospect of S. Korea and even the very survival of S. Korea as a free society. The result was the election of President Lee Myung-Bak, a former CEO of Hyundai Construction Co. and a centrist, at the end of 2007.

Sunshine Policy Abandoned
In keeping with the hardening the U.S. stance against N. Korea, President Lee refused to give unconditional aid to N. Korea. KJI’s cash flow was reduced drastically—no more revenue or fuel oil from the KEDO, no more Mt. Kumgang tourist revenue (after killing of a S. Korean tourist by N. Korean guards), and no more Sunshine Policy. Even humanitarian aid became trickles as donors realized that much of food meant for the starving ended up taken by KJI to feed his army and those loyal to him, instead.

As time passed resources became scarcer, even for the army and the loyal class, KJI became desperate and decided to play his trump card again, playing a game of chicken, by military provocation, hoping to be invited to a negotiation table to be bought off. He pulled out of the Six-Party-Talks, had the second nuclear test, tried to launch ICBM, torpedoed and sunk a S. Korean corvette, bombing an island off the west coast of S. Korea, etc. But no one would pay any more. If anything, even Chinese are beginning to think that N. Korea was going too far, to hasten the day of nuclear Japan with a prospect for an arms race in North East Asia.

Death of KJI and His Son, the New Ruler
As the N. Korean economy steadily grew worse, KJI fell ill in 2008 and the succession of power was hastily arranged. His third son KJU was named the heir in 2010. Soon after the death of KJI in Dec 2011, KJU, his son, inherited the throne and was declared the “Victorious Conquering General” (for a twenty-eight year old man who had not done anything.) He soon gave himself the title, “The Sagacious Leader.”

KJU quickly tried to consolidate his power by getting rid of some of the most powerful elites closely associated with his father and replacing them with his own men. But he did not really have his own men. Unlike his father, who had had over twenty years to consolidate his power base as the Crown Prince, KJU had been named less than a year before his father’s death and thrust upon the throne. Whereas his father or grandfather, who had long “educated” N. Korea population to worship them, KJU is hastily inducted to the holy temple of the Kim cult. People are not used to worship KJU. Even in the later years of KJI, with increasing economic difficulties and information flows from overseas, increasing number of N. Korean began to doubt the cult of KIS/ KJI worship itself. The loyalty to KJU is tenuous.
Nevertheless, KJU has tried to take steps to make himself credible. First, he made himself look like his grandfather, KIS, in hair and dress. (People wonder why KJU imitates his grandfather, instead of his father. Could it be an implicit assumption that his father is a failure?) Second, he followed his KJI’s footprint in deifying his grandfather, KIS. The young ruler has tried to deify his father, in addition to his grandfather. A massive and elaborate funeral was a matter of course. KJU lavishly spent (hundreds of millions of dollars) to remodel the mausoleum, “Place of the Sun”, to accommodate his father alongside his grandfather. He had over three thousand monuments to eternal life (of KIS) redone, at the cost of another hundreds of millions of dollars, to accommodate his father. Now they are monuments to the Eternal Lives (of KIS and KJI). Thousands of the statues of KIS had to be redone as well to accommodate the statues of KJI, alongside those of his grandfather. Employing the family recipe, he has created legends of his own super-natural power. (It is earnestly claimed that, at the age of three, he shot one hundred rounds with a pistol and hit all bull’s eye, for example.)

No matter how hard he tries, however, he cannot claim to be of pure royal blood (according to the caste system established by his grandfather); his mother was an expatriate from Japan. His wife, a former singer in the KJI’s entertainment troop, whom he paraded as the First Lady, turned out to have had affairs with many men. (Some speculate that the recent brutal execution of several of her former associates was an attempt to hush the rumor.)

KJU has tried to follow his father’s footsteps in other ways as well, demonstrating N. Korean ability to defend against possible attacks and, more importantly for the purpose of extortion, to inflict much destruction elsewhere. He wants to be taken seriously and to be supplicated. The announcement of the expansion of uranium enrichment facility, sinking of a S. Korean corvette, bombing of a S. Korean Marine base on Yon-Pyung Island, hinting at a large stockpile of WMD, etc. are all classic KJI moves, undertaken while KJU was the crown prince. But the desired effect of foreign supplications has not materialized. Maybe KJU does not have the acumen and subtlety of his father. Some of the moves he has made, if anything, actually backfired and appear to have firmed up the resolve of S. Korean government to repel any further provocations, especially since the election of Park Keun-Hye as the President of S. Korea in 2013. There is to be neither any more unconditional aid, nor conditional aid without strict monitoring of compliance. Out of desperation, it seems, he has tried to be partially conciliatory. Rash initial attempts to establish his legitimacy and credibility by rattling the saber and then backing down, I believe, have actually undermined what little credibility he had to begin with. He looks increasingly like a bumbling fool over his head.

Deteriorating Economic Conditions
Everywhere there are signs of N. Korean economy approaching the point of no return, (even with above normal harvest in recent years). Even soldiers are petitioning to quit the army as rations for the military are further reduced. Elderly people in high rise buildings in Pyong-Yang, that is, among the privileged, cannot even come down to the street level because elevators stop running for lack of electricity. Animals in the zoo in Pyong-Yang are left to die as there is no food to feed them. When KJU visits a countryside and take pictures, even the local officials in the picture, who used to look well-fed, now look emaciated. And so on. The unprecedented release in 2013 of grains from the military food reserve, as well as the permission to slaughter animals, including chicken and pigs, that feed on gains, for civilian consumption can be seen as a desperate move,
which amount to no more than a temporary stop gap measure. Most importantly, KJU has squandered much of money inherited from his father (estimated to be around $4 billion) on remodeling the mausoleum, and re-doing thousands of monuments and statues (and entertaining Dennis Rodman). Without money how is going to buy the loyalty of his subordinates? Recent execution of his uncle, it is rumored, has to do with the control over the funds from the business empire he inherited from KJI.

The currency reform of 2009, in the last years of KJI, meant to deal with already rampant inflation and to confiscate accumulated savings in private hands, was a complete failure. The reform consisted of exchanging 100 old Won into 1 new Won within one week of Nov 20, 2009. What angered many N. Korean was the provision that N. Korean citizens could exchange the maximum of 100,000 old Won. Any money above 100,000 to the maximum of 500,000 was to be deposited in the “bank” account, a withdrawal from which required a government permit. To deposit any amount over 500,000, one had to declare the source of the money. (Foreign citizens, mostly Chinese, could exchange money without limit.) Markets collapse for lack of money. The black market exchange rate for one US dollar increased from 3,600 old Won in December to over equivalent of 6,000 old Won in January. Within months the price of rice jumped 2-300 percent. Steve Hanke calculates that in 2010 the monthly inflation rate approached annualized rate of 900%. People refuse to hold N. Korean money that may become subject to seizure in a future currency reform, and through inflation. “Dollarization” accelerated. In 2014 even KJU acknowledged the extent of dollarization when he decided to collect a poll tax in foreign currencies, viz., 5 US dollars or 30 Chinese Yuan. The preferred currency of the market is the Chinese Yuan. The vampire economy, of course, had already been operating only in the US dollar for decades. Therefore, the N. Korean economy is completely “dollarized”.

After the currency reform, numerous resistances were reported in connection with the limit on the amount of old money people were allowed to exchange. Merchants refused to pay market taxes. Many people thrown into financial difficulties committed suicide. Children stop attending schools. N. Korean backed down a bit to ameliorate the situation. Park Nam-Gi, the chief architect of the financial reform, was held responsible for the botched job and publicly executed by a firing squad in 2010. Resistance against government orders and subsequent government backing down were unimaginable in the past. Definitely, these are signs of changes.

WHITHER NORTH KOREA?

KJU inherited a bankrupt kingdom teetering toward a complete disintegration. Cash flows from the vampire economy he also inherited from KJI steadily declined in the face of tightening international sanctions against N. Korea and the abandonment of the Sunshine policy. Since the late 1980s, when the N. Korean economy began to collapse, the survival of the Kim dynasty became questionable. The prospect for survival turned even bleaker in the mid 1990s with the famine that claimed over a million lives. KJI did not flinch. He would spend upward of a billion US dollars to build the mausoleum for his father, throw costly fireworks to celebrate his enthusiasm for spectacles, and continue to indulge in extravagance, even as thousands died of starvation daily and hundreds of thousands of vagrant orphans (and adults as well) rummage trash dumps to look for anything edible. He tightened his grip on the military and cranked up the
operation of the vampire economy. The vampire economy is a sector independent from the rest of the economy, consists of sundry export businesses to generate cash for KJI. It is a royal estate, a private property of KJI. The royal estate generates cash in all manner of ways—smuggling, counterfeiting, trafficking narcotics, contracting out labor overseas, sale of arms overseas, sale of mineral and other commercial rights to Chinese (state owned) businesses. The income from the royal estate has been supplemented by resources transferred from outside—humanitarian aid from overseas, Chinese assistance, as well as massive payoffs from his nuclear brinkmanship. KJI’s tactic worked, in the sense that he was able to generate enough cash to retain his power, in large part due to favorable conditions overseas, especially the US and S. Korea. But external conditions began to change and his antics began to pay less and less by the mid 2000s. Toward the end of the 2000s, N. Korean situation began to resemble the early 1990s again. In 2014, N. Korea has such shortage of fuel that military exercises are done on paper and even high ranking military officers move about on bicycles. The difference is that by the end of 2011 KJI was dead and the external conditions have changed considerably.

Marketization and Dollarization
A number of changes since the early 1990s should be noted. Among the common people in N. Korea, who had been largely abandoned to fend for themselves, the economy is completely marketized. Since rationing among the common people largely stopped since 1990, millions died of starvation. But those who survived have managed to survive independent of, or rather in spite of, the state. People are still mobilized as corvée to do the bidding of KJI and now of KJU, e.g., building monuments of eternal lives (of KIS and KJI), and other construction projects or farm work, or cultivating poppies, etc, for a fistful of corn, as it were. In their spare time, people have scavenged countryside and foraged in fields and forests, in addition to growing whatever they can, if they happened to have a small private plot assigned to them. Everything is for sale and everything has a price.

Initially people sold their possessions (such as furniture and utensils), then out of desperation crossed the northern border to China to earn wages, or to be sold as slaves or brides, risking getting caught by border guards and tortured. Some money found their way back to N. Korea to feed the relatives. (It is estimated that upward of a half million N. Koreans crossed the Chinese border; nearly half of them got caught and sent back to N. Korea.) Over time, transporting refugees across the border became a booming business, involving brokers (in Korea and China) who pay off border guards and the police. The business is by now so well established that a N. Korean refugee in S. Korea can hire a broker to bring his or her relatives to S. Korea in matter of days, for a price. In recent years, the price has ranged from about $4,000 to $12,000. The differences in price reflect, in part, the intensity of N. Korea or Chinese crackdowns on border crossing. If KJU orders a complete sealing of the border, for example, border guards would demand a higher pay off to look the other way.

Corruption is universal. Those regarded as deemed useful for the maintenance of the dictatorship of Kim family live off the vampire economy, consisting of all N. Korean export business. In addition, they get a lion’s share of the meager output of N. Korean economy. Lesser government officials not included in the vampire economy try to making living by squeezing others with less power. Government officials harass the merchants and peddlers to get payoffs. Powerless people who try to make living one way or another are forced to pay them off to be left alone. With
money, one can do almost anything, to get your son into colleges, to be discharged from the army, to cross the border, etc. With a large part of N. Korea following the logic of trade, KJU commands no respect and only by terror can he make people put up the appearance of obeying his command.

Revelation of N. Korean Reality
Since the early 1990s, some 25,000 N. Korean refugees have settled in S. Korea, (some by travelling thousands of miles via Mongolia, Cambodia, Vietnam, Laos, or Russia). They are of all ages and from all walks of life, from some of the most privileged to the most oppressed, some even from gulags. They have revealed in the S. Korean media the reality of N. Korea that had been mostly hidden. (Yi-Man-Gap, Koh Young-Hwan) Many S. Korean are disgusted by the kingly indulgence of Kim family while millions starve to death and horrified by the extent of human rights violation that sap human dignity. Pro-North Korean factions in S. Korea are on the defensive.

More importantly, the news so revealed in the S. Korean media tend to quickly find their way back to N. Korea. Until recently Kim family had a complete control over media, communication, and travel in N. Korea; most people only knew what they were told and what happened around their immediate neighborhood. For the first time, N. Koreans are learning what N. Korea is really like (through the stories of N. Korean refugees tell in the S. Korean media and through cell phone conversation near the Chinese border.) Many now realize that what they had been told all their lives are all lies. They also learn that their compatriots settled in S. Korea do not suffer depravation, nor live in constant fear (unlike them); N. Korean refugees in S. Korea speak freely and have a hope for the future. These are truly shocking news to N. Koreans! The cult of KIS and KJI is largely destroyed.

Reign of Terror
Out of desperation, KJU has flexed his muscles, only to narrow his options further. Internally, he has tried to command respect by exhortation and brutal public executions. In place of traditional firing squads, KJU has employed machine guns and even flame-throwers for public executions, that people are forced to watch. He has not been successful, however. Mutinies from corvée labor mobilizations are becoming common. People have dared to spread “malicious” rumors about the new queen, Ri Sol-Ju. The people responsible for the “rumor” have been promptly rounded up and publicly executed. KJU has become paranoid. He has publicly executed people suspected of plotting to assassinate him. He pulverized his uncle with a heavy machine gun, presumably to secure his control over the vampire economy. He is feared, for sure, but he commands little respect.

His attempts to adopt his father’s ploy of playing the game of chicken have backfired, as well. KJU has now very few options. He has been selling mineral and other commercial rights and leasing ports to Chinese state companies. He has redoubled the effort to produce opium to sell overseas. He is squeezing the hard pressed population to collect a poll tax, in US dollar or Chinese Yuan! But the resources that he can get hold of are insufficient to sustain the system. His purse is becoming thinner by the day. In the meantime, many of underlings manage to accumulate a substantial amount of money, either siphoned off the vampire economy, or squeezed
from people. If KJU stays the course, the chance of sudden collapse of N. Korea is now greater than ever before.

Prospects
What are the options for KJU? There are several possibilities: (1) KJU will be assassinated by one of the erstwhile royalists, who can get close to him. It can happen anytime. (2) KJU could be thrown out in a coup. The chance of this happening is lower than (1) because of the degree of regimentation and surveillance. (3) Out of desperation, KJU may order an attack on S. Korea. The outcome will certainly unfavorable. Facing stiff resistance and even counter-attack from S. Korea, I believe, N. Korean army will soon run out supplies and disorganized. The end is surrender of the army and the end of KJU. (4) One of the generals guarding the Southern border will surrender to S. Korea, making an opening for millions of N. Koreans flee to S. Korea. This may lead to a domino effect and KJU left all by alone to be arrested. He could be dethroned by a coup before that happens. [I wonder what would happen if S. Korea opens a portion of the DMZ to allow mutiny among N. Korea military units on the opposite side of the DMZ. Once a N. Korean unit defects, a large part of N. Korean military may collapse.] (5) KJU may try to negotiate with S. Korea or the US to leave the country in exchange for immunity and a safe asylum, (perhaps in China or Russia). KJU may try to blame most of the crimes against humanity to his grandfather and father. In his fresh reign of about two and a half years, however, he has brutally executed thousands and inherited and kept over two hundred thousand slaves in concentration camps, comparable to the Auschwitz. He may or may not be able to get a safe exit. But out of desperation, he may try by peddling N. Korea to competing bidders. If KJU gets an asylum somewhere, he may be allowed to keep the remaining cash hoards. (6) KJU can take the risk and introduce long overdue reforms to open the N. Korean border and negotiate lifting international economic sanctions and normalize relations with other countries. This would constitute a true “sunshine policy.” The only reason why N. Korea has been isolated and cannot earn money through normal trade for much needed resources is precisely because N. Korea has not played nice. As soon as N. Korea begins to play nice, ample opportunities for beneficial trade will become available. If the reforms are credible, there will be much international assistance in terms of food, technology, and capital. There will be ample opportunities to produce goods for export. It may be even possible to imitate China and gradually open up while retaining some control to retain political stability. KJU, however, would face the risk losing control and the emergence of rivals who challenge him over time. Most importantly, KJU will have to give up much of still lucrative family businesses (conducting all sorts of illegal activities).

There is no way of telling which the more likely scenario is. Given KJU’s little regard for people, he is least likely to take option (6), which offers no guarantee him as the ruler. He may try (5), but may not get what he wants. If the word gets out that KJU is seeking an asylum, his end will be hastened. S. Korea should be on guard against (3). Given the surveillance system in place, (4) has lower chance than (2). In the scenarios (1)-(4), someone from N. Korea ends up replacing KJU. Whoever replaces KJU will not be able to take a firm control of N. Korea by himself, however. He would not have enough supporters to control N. Korea and much chaos will surely follow. Banditry and riots would be a common place. Under the circumstance, outside intervention is inevitable.
The most logical course of action would be S. Korean intervention. This then becomes the issues of how to control N. Korean and/or to unify the two Koreas and what kind of development paths to pursue, which I will defer to another paper.

Given the overwhelming Chinese influence in N. Korea, however, it cannot be ruled out that, in one way or another, a pro-Chinese ruler will end up replacing KJU and try to imitate the Chinese growth model. China may shower the post-KJU N. Korea with much economic assistance (or face massive immigration into China) and, at the same time, try to secure choice economic rights. The fear of China annexing N. Korea as one of its provinces is unlikely, given Koreans’ strong desire for independence. (It would be foolish for China to undertake another headache when she faces problem of digesting Tibet and Xinjiang.) Given the long standing interests of S. Korea and US, however, Chinese cannot keep them out of N. Korea. The presence of S. Korean and American interests will enable N. Korea to counterbalance the dominance of China to an extent. Russians will try to insert themselves as well. Certainly, there may be massive emigration from N. Korea, especially initially. Refugees may cross the Chinese border as many of them already do. But many more will try to cross the DMZ. Currently it is heavily fenced, mined, and heavily guarded on both sides. After the fall of KJU, would guards on either side shoot at hungry people crossing the DMZ? But the tide of emigration may eventually be stemmed only with quickly improving economic conditions.

SUMMARY AND CONCLUDING REMARKS

The paper has explored the factors for the surprising longevity of the brutal N. Korean regime, even with the collapse of her economy since the late 1980s, the starvation of millions of people, and severe international economic sanctions. The factors are broadly divided into two—internal and external. The internal factors include: (1) the unflinching will to power of the rulers of North Korea; (2) a complete social control, based on a thorough-going brainwashing of the population in the cult of the “Great Leader”, a caste system to complement it, and constant surveillance of the population. The system of social control is undergirded by brutal punishments for any minor infraction, including frequent public executions that the entire neighbors are forced to watch and banishments to concentration camps where some two hundred thousand souls are subject to treatments comparable to those of Soviet gulags; (3) the development of a Kim family’s business empire, the vampire economy, that sucks the blood out of the teetering N. Korean economy and generates foreign exchanges for the ruler by all means, including criminal activities such as counterfeiting the US dollar, smuggling narcotics and methamphetamine, insurance fraud, etc.; and (4) the development of nuclear weapons as the trump card.

The external factors include: (1) The American desire to prevent additional nuclear proliferations; (2) the American belief that N. Korea can be induced to give up her nuclear ambitions in exchange for compensations, given the astronomically high anticipated costs (from N. Korean retaliations and the collateral damages from the ensuing war) of militarily removing N. Korea’s nuclear capabilities; and (3) the mistaken “Sunshine policy” of S. Korea that transferred billions of US dollars in cash, as well as billions of dollars worth of food, to N. Korea. KJI played the game of brinkmanship fiendishly, brandishing his nuclear card while holding the starving
population as hostages, and managed to get much needed resources for his own survival and development of his nuclear weapons.

The remainder of the paper describes how the nuclear brinkmanship began to have diminishing returns in from the late 2000s for the following reasons: (1) the abandonment of the Sunshine policy as the US and S. Korea finally realized that N. Korea never give up her nuclear weapons, completed while she was supposedly negotiating with the US; and (2) revelations of unbelievable human rights violations in N. Korea from refugees, who crossed the Chinese border in hundreds of thousands in search for food and money, risking capture by N. Korean border guards, *refoulement* by the Chinese police, or capture by Chinese human traffickers, and increasing counter-penetration of the news of the outside world into N. Korea. These developments make it less likely that the new ruler, KJU, can do as well as his father did in the 1990s and the early 2000s. In addition, the ruler finds himself in a greater bind: (1) the international sanctions are beginning to take increasing tolls on the cash flow of the vampire economy; (2) his control over the population is loosening, despite his reign of terror, as N. Korean (unofficial) economy has become completely dollarized. No one can tell when, but the fall of the N. Korean regime is numbered. The manner of its fall is open to speculation. The most important remaining question is how to approach the daunting task of creating a social order and assist in the economic development of N. Korea in the post-Kim dynasty era.

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