

## **Kim Jong Il, the Military and the Party, and Kim Jong Un**

**- The power politics behind market expansion and market crackdown**

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### **Introduction**

Power relations and power politics among North Korea's higher institutions, comprised of Kim Jong Il, the successor, the central party, the higher agencies of the military, and other power centers, have occupied the attention of the experts.

The purpose of this paper is to analyze changes in these structures while differentiating two periods since 1995. The first period covers the years between 1995 and 2004. Its main features included: the hegemony of the military, the weakening of the secretariat of the central party, increased engagement by various units of the military in commercial activities, market expansion, etc. The second period started in 2005 and continues to the present. Its main characteristics are the following: the hegemony of a coalition between the central party conservatives and the security agencies, decreased influence of the military, a crackdown on the commercial activities of military units and market expansion, the launching of a hereditary power succession project, etc.

This paper devotes more attention to the second period, especially problems in the aftermath of the currency reform and the power succession issue. Brevity and generalization will be unavoidable due to lack of space. Insufficient or incorrect information may have influenced the analysis.

### **1995–2004: Hegemony of the military, decline of the central secretariat, and market expansion**

From 1995-2004, the military came to have overwhelming influence in North Korean politics, while the influence of the secretariat of the central party declined significantly. This period can be divided

into three phases. In the first phase, 1995-1997, with the inauguration of ‘the military first policy,’ the predominance of the military began. The secretariat of the central party was significantly scaled down and deprived of its traditional policy-making authority. The second phase lasted from 1998 to 2000. In 1998 Kim Jong Il revised the constitution, strengthened the Defense Commission, and took the position of its chairman. The Defense Commission took charge of the management of the national economy. The Ministry of Security for Society fabricated espionage incidents and punished about 2,000 high and mid-level party-state officials, executing two central and one provincial party secretary during the years 1997-1999.

The third phase covered the years 2000-2004. During this period, the Cabinet took reformist initiatives. This period must have been humiliating for the Secretariat of the Central Party. In general, paid party members were downsized by 20-30% and transferred to production jobs in particular, three departments at the Central Party Secretariat were eliminated in 2004. As result, authority over economic and agricultural policy and personnel affairs was handed from the central party to the Cabinet, the military was liberated from the control of the central party, and the Secretariat’s personnel had to be downsized by 40%.

The Cabinet pushed forward a pro-market reformist policy, which mostly benefited the commercial activities of the various military units. Indeed, military units from top to bottom had significantly increased their engagement in commercial activities since 1995. They were encouraged by the regime to earn their own operating budgets through commercial activities to compensate for the collapse of the state budget. From that time on, like other public organizations in general, almost every military unit organized commercial trading firms and contributed to market expansion through their numerous commercial branch offices and commodity gathering stations all over the nation. They enjoyed three advantages in comparison to their competitors: they had taken charge of about 70% of the most productive young workers, of transportation vehicles, and of quasi-extra-territorial rights in the name of ‘military affairs.’ Indeed, the widespread and systemic commercial activities of military units formed the arteries and backbone of the market expansion during this time. The military units in general had a shared interest in market expansion and supported the reformist policy of the Cabinet in the years 2000-2004. In addition, the doctrine of “defense industry first” had replaced the traditional doctrine of “heavy industry first” in September 2002. This change meant that the interests of the defense industry would be adequately taken care of.



## 2005– : Counteroffensive by the central party–security agencies coalition and initiation of the hereditary succession plan

Since 2005, the hegemony of the military has been replaced by that of the conservative-security coalition. The central party forms the backbone of the conservative group, and it has promoted anti-reformist policies with cooperation from two major security agencies: the Ministry of People’s Security and the Ministry of Protection for State Security. Jang Sung Taek, the chief of Department for Administration at the Central Party Secretariat, who is in charge of the police, state security and the judiciary, played the role of intermediating and directing the two groups. This period can be divided into three phases.

The first phase began in early 2005. Kim Jong Il started to produce anti-reformist statements, and the central party initiated an anti-reformist counteroffensive. The status of the Cabinet, significantly enhanced during the reformist period, declined again to the advantage of the central party. Reformist ministers were purged and reformist policies were abrogated. Jang Sung Taek, who had been in internal exile since 2004, returned to a central party post in December 2005.

The second phase covered the period from May 2007 to October 2008. The conservative-security coalition was consolidated, and more aggressive measures were taken to reverse reforms. From May 2007, inspections against ‘anti-socialist phenomena’ were intensified and stepped up. Kim Jong Il issued a direction on August 26 that ‘the market is the habitat of anti-socialism.’ From September, inspections against and purges of the higher party-state bureaucrats who had engaged in inter-Korean economic cooperation during the reformist years began. In October, the second inter-Korean summit was held, Jang Sung Taek was promoted to chief of Department for Administration at the central party, and measures for cracking down on market activities significantly intensified.

From 2008, inspections on various trading firms were strengthened. In particular, small and medium-sized trading firms run by military units became the main targets. On February 1, 2008, the central party and the Cabinet issued a directive that ‘all military units must close their commercial branch offices and trading firms, while alternatively the Kangsung trading company under the General Staff should be strengthened.’ Simultaneously, local party organizations began restraining military units’ commercial activities. From March to May, under the authority of Jang Sung Taek, border areas between North Korea and China, including Shinuiju city and trading firms run by military units, have been under ‘extremely severe’ concentrated central inspection.



The third phase began around October 2008, when Kim Jong Il recovered from his stroke, and continues to the present. The period between October 2008 and April 2009 is worth special attention. Three important changes have occurred.

First, the conservative-security coalition and the military seem to have arrived at a compromise for division of labor in policy and power sharing. Accordingly, the constitution was revised and the membership and authority of the Defense Commission was expanded in April 2009. Among four new members of the expanded Defense Commission, two can be classified as being from the conservative-security coalition, and the other two come from the military. The increased membership enhanced the representation and authority of the Defense Commission. Indeed, since April, the Defense Commission has proved itself to be the instigator of key domestic and foreign policies.

Second, with the designation of Kim Jong Un as successor in January 2009, the hereditary power succession project has started up in earnest. The father has reportedly drawn up guidelines for his son on how to build his own power bases: “Though I (Kim Jong Il) have pursued the military-first policy and the military has been a core supporter, General Kim (as his son is required to be called) should take on intelligence politics supported by the Ministry for Protection of State Security.” Indeed, Kim Jong Un has reportedly already taken control of the institutions in charge of state security, the police, and underground operations: the Ministry for Protection of State Security, the Ministry of People’s Security, and the General Agency for Reconnaissance.

Third, against the backdrop of this revised lineup and the initiation of the succession project, North Korea has stepped up hard-line domestic and foreign policies. Regarding foreign relations, the military seems to have taken charge of South Korea policy since October 2008, and the hostile attitude towards both the South and the U.S. has been stepped up since January 2009. Regarding internal policy, the central party conservatives and the security agencies have cooperated in implementing 150- and 100-day production battles consecutively beginning from April, as well as the currency reform from November 2009.

In the meantime, the crackdown on trading companies, which has significantly intensified since early 2008, continued into 2010. One of the main objectives of the currency reform in November 2009 seems to have been effective reorganization of the trading companies for the sake of centralized oversight and control. Two reasons must have been behind the intensified crackdown: First, without increased oversight and control of the trading companies, the North Korean regime would be unable to seize a commanding position over market relations in particular and the national



economy in general. Second, considering that the majority of trading companies have been run by military units, a general crackdown on them would effectively curtail the commercial and trading activities of the military units. It must have been thought that reducing military units' engagement in commercial activities was the only way to hold back their social and political influence.

Meanwhile, one policy suggestion from the central party to Kim Jong Il in November 2009 must have alarmed the military. Officials of the central party in charge of finance reportedly recommended to Kim Jong Il that “finance and trade in the country should be streamlined and monopolized by the central party, as it was before the start of the military-first policy.” This suggestion must have been supported by Park Nam Ki, who had been in charge of anti-reform economic policy since 2005 as Director for Planning and Finance at the Central Party Secretariat. It seems that the military chose to retaliate. The military reportedly obstructed the release of military stocks of rice to assuage rapid inflation after the announcement of the currency reform. In addition, after it became clear that the currency reform had led to economic chaos, the military held Park Nam Ki responsible for the failure and helped send him into internal exile in mid-January 2010. The release of military stocks of rice began after February 16, the birthday of Kim Jong Il.

## Conclusion

Kim Jong Il has maintained his grip on power on the principle of divide and rule as he has maneuvered among the power groups in North Korea. He gave his support to the military from 1995-2004. Alternatively, he has redirected his backing towards the coalition of central party conservatives and security agencies since 2005.

Kim Jong Il's shift in support to the conservative-security coalition was meant to constrain the military's political and economic influence. It seems, however, that this objective was not accomplished satisfactorily. Although from 2005 to October 2008 the conservative-security coalition had the lead in national politics, it had to make compromises with the military on division of labor in policy and power distribution between October 2008 and April 2009. Thereafter, the conservative-security coalition has taken charge of domestic security, foreign trade, and the national economy. It continues to push forward policies to curtail the commercial and trading activities of the military units.



It seems the long-lasting conflict between the central party and the military has been somewhat aggravated recently. The former remembers that its interests were pushed back by the military during the latter's dominance between 1995 and 2004. In contrast, the military recalls that the party not only refused to cooperate with its policy initiatives in the past, but also has started to encroach negatively on its interests since 2005. Since the conservative-security coalition gained the upper hand in decision-making in 2005, the crackdown on market activities and trading companies has intensified. Of course, the directives for this crackdown have been issued by the Defense Commission since April 2009 when it expanded, incorporating representatives of the two groups. This has not changed the reality that inspections have been mainly implemented by the party-security apparatus upon trading companies run by military units.

The justification on the part of the conservative-security coalition has been that the military's engagement in commercial activities has been accompanied by many harmful effects and should be banned. The higher military would not have been able to deny these problems and would have to accept the need to curb the commercial activities of the military units. One of the currency reform's objectives was to strengthen the financial capability of the state in order to increase financial support to military units, who in return would be required to abstain from commercial activities and return to their original duties. The caveat is that, even with increased financial support from the center, the military units would still suffer from the dire financial situation. In addition, the commercial activities by military units and the market economy have become so entangled with each other that it would be rather impossible to separate one from the other. Under these circumstances, if the commercial activities by the military units were to be gravely disrupted, the results would be the following: first, the military units could not be maintained due to financial difficulties; second, the overall economy would suffer tremendously third, either individually or as a group, politically and socially influential economic interests would be hurt seriously. The higher military could not overlook all these consequences and stand in silence.

Under the current circumstances, the military should defend itself. One method would be to show off its importance in maintaining the regime and demand that its established share of authority and economic interests remain untouched. After the change of administration in the South in 2008, the North would have felt a need to threaten the South to coerce it to revise its North Korea policy. Indeed, since October 2008, the military has been in charge of South Korea policy and has gradually stepped up pressure on the South through various means.

