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Analysis of North Korea's 2016 New Year's Address and Domestic and Foreign Policy Outlook

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North Korea aired 2016 New Year's address from 12:30 (noon at Pyongyang Standard Time). First Secretary Kim Jong-un ended the legacy rule and the hereditary succession period of stabilization in the three-year mourning term after the death of his father Kim Jong-il and has pursued "politics of his style" commemorating the 70th anniversary of the foundation of the Workers' Party of Korea (WPK) in 2015. This year's New Years' address (hereafter, the address) has drawn special attention from home and abroad as this year marks the fifth year of Kim Jong-un's reign, showing the colors of Kim Jong-un leadership more evidently, and will witness the 7th Party Congress for the first time in thirty-six years. By curtailing the United Front Department Director Kim Yang-gon's funeral period to three days — funeral cortege occurred on December 31, 2015 — in contrast to the general four-day funeral for politburo member as evinced by Jon Pyong-ho's and Kim Kuk-tae's funeral, Pyongyang expressed its policy determination to foster the atmosphere of mobilization to implement the address.

The Address with the 7th Party Congress in Mind

The main characteristics of this year's address are as follows. First, this year's address adopted the means of "choice and focus" on economy, society (civilization), and inter-Korean relations, departing from the method of listing the tasks in each fields. Since the North Korean authorities will submit the blueprint of "Kim Jong-un-style North Korea initiative" at the 7th Party Congress, it seems that they briefly mentioned the specific tasks in the field of politics and economy. Second, the broadcast of the address substantially used various video clips to effectively demonstrate last year's achievements. Third, the address, overall, focused on the internal stability and consolidation such as economic development, political-ideological position, and moderate external policy. Fourth, taking the improvement of the DPRK-China relations and inter-Korean relations into consideration, Kim Jong-un refrained from provocative words of nuclear capability and nuclear threat.

Improving People's Living Standards as the Utmost Priority of the National Policy

The most striking point is that the address emphasized the people's livelihood issue and not *songun* (military-first) as the top state priority in the Kim Jong-un era. Kim Jong-un has put the improvement of people's living standards as the top priority of 2016 national policy and has expressed his resolve to have the 7th Party Congress evaluated as a barometer for success. To this end, in preparing the peaceful external environment for the improvement of the people's living standards, Kim Jong-un brought in the phrase "the event commemorating the foundation of the party and the party's achievements are more powerful than nuclear test and test-fire of long-range missiles" and avoided articulating *byungjin* line — the simultaneous development of the economy and the nuclear capability. That is, entering the fifth year, Kim Jong-un regime clearly pronounced that it will offset the deficiency of

innate legitimacy by performance legitimacy. However, despite the fact that it is high time to introduce policy transition to make a breakthrough in the midst of economic downturn by the decreasing foreign currency earning after several years of economic growth, the address has not elucidated any drastic economic policy. Perhaps Kim Jong-un has borne the Party Congress scheduled to be held this May in mind.

The most underlined economic task this year is the power shortage. While, this has always been deemed an important task, the address specially highlighted it by stating, “an undertaking involving the whole Party and the whole state” and the specific details of the policy have been set more realistically compared to the past. Although the hydroelectric power station including Paektusan Hero Youth Power Station were emphatically pursued last year, it is estimated that with the limitations of hydropower stations such as the instability in power production and the distance to the area of energy consumption, this had fell short in tackling the electricity. In comparison, diverse tasks have been addressed this year such as renovating existing power plants, constructing Tanchon Power Station, saving energy, and increasing coal supply to thermal power station.

Economic policies for each sector has more or less been the same for the last several years. In the order of mentioning, Kim Jong-un addressed making of the metallurgical industry Juche-oriented and modern, normalizing and modernizing the rail transportation, innovating the field of agriculture, fisheries, and animal husbandry, modernizing the light industry, and constructing significant production facilities, educational and cultural facilities, and dwelling houses as main goals. Policy tasks to improve economic management and efficiency have also remained similar to the past. It includes tapping out all potential and latent reserves, producing raw materials and equipment domestically, restoring forestry, protecting natural resources, and weighing science and technology heavily. Surprisingly, the address omitted foreign-oriented economic projects such as economic development zones

and tourism promotion which had gathered huge interest. Given that the conditions for foreign currency earnings have aggravated recently, North Korea should actively advance these economic projects. However, in this juncture where the political-military relations with South Korea and other countries have failed to dramatically improve, it is difficult to further new economic projects aimed at the outside world. The disappearance of these economic projects in the address might be because of these realistic difficulties. Nonetheless, with the desperate need for foreign currency earning, there is a high possibility that North Korea will continue to seek to expand its foreign economic relations.

Although the details were absent in the address, it is also worthy to note that the authorities will pursue “the work of establishing on a full scale our style of economic management method.” While the North Korean authorities have been partially and experimentally propelling reforms in economic management method, the address, once again, proclaimed that it will implement more pervasively and proactively. Whereas it is difficult to anticipate huge achievements since the level of reforms remains low, the directive to take further reformative measures seems to be a positive signal.

Building “Young and Loyal WPK” at the 7th Party Congress

Maybe with the 7th party congress into consideration, the address did not touch much on politics. The noticeable point in politics is Kim Jong-un’s assertion on policy aimed at power organs and elites that “party organizations should take hold of public sentiments, rally the broad sections of the masses closely around the Party, and launch an intensive struggle among officials against all practices of abuse of power, bureaucratism and corruption that gnaw at and undermine our single-hearted unity.” This appears to be demanding the power organs and elites for public dedication and achievements. Nevertheless, this assertion could be manipulated as to justify

personnel reform in the Party Congress. Because Kim Jong-un has to constitute the upper and lower part of the party organization with young affiliates and proponents, establishing a power base to implement “his own politics,” it seems that he will put forth third- and fourth-generation revolutionary affiliates in the upper mid-tier of the power structure thus establishing an elite formation that could accompany him for more than 10 years in the Party Congress. Moreover, in the process of realigning the lower stratum of the party organization in preparing for the Party Congress, loyalty to Kim Jong-un and self-innovation will be enforced onto the members; it is predictable that the power concentration on Kim Jong-un will be strengthened.

“Highly Civilized and Socialist Country” and Focus on Youth: Kim Jong-un Style Expansionary Economic Policy and Regime Solidarity

Compared to previous new years’ addresses, the content that dealt with social policies exceptionally increased. This could be seen in the context of Kim Jong-un regime emphasizing “people,” and it could even be interpreted as a response to the international community’s criticism on its human rights records in the recent years. The keywords in the social sector this year are “highly civilized and socialist country,” “youth,” and “the principle of giving priority to self-development.” First of all, the address pointed to people enjoying the highest level of civilization in the highest degree” as the utmost priority in the societal sector. The details encompass augmenting the quality of education, improving treatment and vaccination project, and popularizing physical education and achieving legendary feat in sporting events, raising ethical discipline, etc.

The term “civilized” here refers to the “highly civilized and socialist country” which has appeared since the 2013 New Years’ address in 2013 and emerged as the core keyword in most of the discourse. The discourse on “highly civilized and socialist

country” is the call for raising the level of civilization that people enjoy in all construction, economy, society, culture, etc. North Korea propagandizes most of the construction works done during the Kim Jong-un’s reign as the achievements of highly civilized and socialist country. For example, emphasized as 2015 achievements, Paektusan Hero Youth Power Station, the multi-tier power stations on the Chongchon River, Sci-Tech Complex, and Mirae Scientists’ Street are all described as achievements of the highly civilized and socialist country. These achievements fall under the Kim Jong-un style expansionary economy and market effects through urban construction. The goal of highly civilized and socialist country meets the interests of the regime, people and the market. The idea of “highly civilized and socialist country” has been recently systematized as material culture, moral character, cultural knowledge, sound body, etc. in detail. Like the urban construction and achievements in sporting events, this is a discourse to boost people’s regard on the regime through the “improvements” that are visible in daily lives.

Meanwhile, one more thing to take note of in the social sector is the emphasis on “young people.” The address stressed, “young people, cherishing the trust of the Party that has given prominence to them as masters of the youth power, should train themselves further to be dependable pillars of the country and become artists of miracles and heroes on all the sites where a thriving nation is being built.” This could be said that it is in line with the “attaching of importance to young people” which he accentuated as one of the three strategies of the party policies in his remarks commemorating the 70th anniversary of the foundation of the WPK on October 10, 2015. The emergence of young people with the terms, “the might of the youth power,” and “creating the charging spirit and culture of young people,” as the powerful keyword that embraces the overall politics, economy, and society appears to suggest the need to forcefully tie the “market generation” as the defense force for the regime. In a different aspect, young people are those who are mobilized in building highly civilized and socialist country.

Finally, we need to focus on the term, “the principle of giving priority to self-development,” newly introduced in this address. Kim Jong-un illuminated, “worship of big countries and dependence on foreign forces is the road to national ruin; self-development alone is the road to sustaining the dignity of our country and our nation and to paving a broad avenue for the revolution and construction.” The principle of giving priority to self-development seem to indicate “affection, trust, dignity and pride in everything of our own.” This phrase seem to hint at the point that people’s “fantasy” of the outside world has transpired to a serious concern for the leadership as the “market generation” has demographically risen as the middle class in the society, the information influx from the outside world has been invigorating through the expanding and intensifying marketization, and foreign goods and currency have penetrated people’s daily lives. The principle could be seen as a sort of discourse responding to these social changes. Conclusively, the increased proportion of social field and the prominence people and youth in the address may reflect that this is the “weakest link” in the regime. This discourse is utilized in order to bind the people and youth as well as using it as a mechanism mobilizing them.

Proclamation of the Determination for Inter-Korean Dialogue with North Korea’s Initiative

North Korea indicated two basic directions in inter-Korean relations. First, it laid out the weakening of ROK-U.S. alliance as a long term goal of inter-Korean relations. In order to “usher in a new era of independent reunification,” North Korea asserted that Koreans should exclude foreign intervention and approach the issue of unification according to the principle of "By Our Nation Itself." Furthermore, Kim Jong-un called for the discontinuation of ROK-U.S. joint military exercises. Similar to the previous years, the North Korean authorities may temporarily reject further progress in inter-Korean relations, opposing the ROK-U.S. joint military drills.

Second, North Korea conveyed the message with the intention to improve inter-Korean relations. It seems that Pyongyang does not view the results of last year's Deputy Ministerial talks overly pessimistically. This is because Kim Jong-un expressed that he will be actively making efforts for inter-Korean talks and mend bilateral relations and is willing to discuss with anyone who is truly desirous of national reconciliation and unity, peace and unification. Still, the conditions that North Korea lays out for the improvement in bilateral relations are indirectly included in the expression, "respect and implement with sincerity the three principles for national reunification, June 15 Joint Declaration and October 4 Declaration." The clauses that are feasible immediately at this stage is the solution to separated families, bolstering of inter-Korean exchanges such as economic cooperation, rejuvenation of social and cultural exchanges and cooperation, and talks and negotiations for the improvement of bilateral ties. Pyongyang will tenaciously demand of Seoul for the resumption of Mt. Geumgang tourism by conceding in the issue of separated families in the future inter-Korean talks.

Both Koreas may gradually increase civil exchanges from the first half of this year and reach the dialogue phase after the 7th Party Congress. The reason is that North Korea has to prepare the 7th Party Congress and establish a new formation that deals with policy on South Korea in the Kim Jong-un era after the death of Kim Yang-gon. If Seoul and Pyongyang reach an agreement that both can be satisfied with through dialogue and contacts, there are rooms for improvement in bilateral relations. Obviously, even if the inter-Korean talks resume, once North Korea does not show trustworthy behavior or take an advanced stance on denuclearization, it is difficult to move beyond the current situation.

Surfacing DPRK-U.S. Peace Agreement and the Possibility of Restoration of DRPK-China Relations

On external policy, North Korea generally reiterated the stance they previously took. Conversely, the two following traits stand out. The level of verbal offence toward the U.S. has elevated. Following the New Years' address in 2015, Pyongyang repeated the high level of criticism against U.S. pressure on human rights, voicing that it is "to stage a "human rights" racket against the country." Additionally, it vilified the U.S. by saying that the U.S. ignored "our just demand for replacing the Armistice Agreement with a peace pact," thus heightening the tension on the Korean Peninsula. The continuation of North Korea's condemnation towards the U.S. over human rights issue appears to be a strong opposition against UN General Assembly's adoption of the resolution that recommended the human rights situation in North Korea to be referred to the International Criminal Court for two consecutive years on December 17 last year. Moreover, with Kim Jong-un directly addressing the issue of peace pact, the discussions of DPRK-U.S. peace agreement — coinciding with the assertion of "parallel negotiations of peace pact and denuclearization" that has been raised in some parts of the U.S. — are predicted to surface.

Another major point in the address is the fact that it omitted the direct expression of "nuclear capability and nuclear threat." In 2014 version, it stated, "hostile forces' manoeuvres for a nuclear war against the DPRK" and the young North Korean leader stressed, "our self-reliant defence capability with the nuclear deterrent as its backbone" in 2015. However, this year, despite mundane censures that the Korean Peninsula is "a hotbed of nuclear war" and that South Korea and the U.S. conducts "large-scale military exercises aimed at a nuclear war," it refrained from provocative languages such as nuclear threat and boasting of nuclear capability. North Korea seems to have more or less considered the Beijing's stance which have vehemently opposed any word or behavior that threatens peace and stability on the Korean Peninsula. Hence, the rekindling bilateral ties after the participation

of Liu Yunshan, standing member of China's Politburo, in the 70th anniversary of the foundation of the WPK last October might further improve in 2016. Specifically, the DPRK-China summit is more likely than the past. Both countries have major schedules ahead — China holds National People's Congress, and North Korea holds the "Day of the Sun" event in April and 7th Party Congress in May. Thus, after these events have ended, we cannot rule out the possibility of bilateral summit being held between the 55th anniversary of "DPRK-China Mutual Aid and Cooperation Friendship Treaty" in July and the day commemorating the establishment of the North Korean regime in September. Besides, in light of creating a precondition for the summit, WPK might invite the Communist Party of China at the 7th Party Congress and resume party-to-party diplomacy just like the 6th Party Congress in 1980. However, in spite of these prospects, the fundamental improvement of DPRK-China relations depends on North Korea's attitude towards denuclearization.

Concluding Remarks

In 2016, the North Korean authorities will endeavor to make the 7th Party Congress successful. Still, the circumstances surrounding North Korea is not that friendly. The declaration of nuclear possession blocked ties with the outside world and the reduction in foreign currency earnings and shortfalls in internal investment demands caused by unstable international macroeconomic records are expected. Also, as the strengthening of party-led political means and large-scale personnel shift bespeak the transformation in the existing profit distribution system, the process entails discomfort. Especially in North Korea where the resources available are limited, the policy management of the authorities is highly likely to face structural restraints and losers' resistance. Likewise, because North Korea's climate for policy operation is fluid and untypical in 2016, the Kim Jong-un regime will put its interest in improving inter-Korean relations to complement its momentum and means for policy operation. Nevertheless, North Korea will attempt to fulfil its preexisting demands



such as the suspension of ROK-U.S. joint military exercises, and resumption of Mt. Geumgang tourism. ©KINU 2016

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