



North Korea's Uncertain Transition: Time for a Conciliatory Gesture?

Marcus Noland discusses the downside risks after the death of Kim Jong-il and suggests that a possible agreement to increase food aid would be appropriate.

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Steve Weisman: Hardly anyone knows more about the unknowable situation in North Korea than Marcus Noland, deputy director at the Peterson Institute for International Economics. This is Steve Weisman. Marc, how grave and uncertain a situation do we face with the death of Kim Jong-il and the succession of this young man in his twenties, Kim Jong-un?

Marcus Noland: We're entering into a significant period of uncertainty. This is only the second leadership transition in North Korea's 60-year-history, and it has been less carefully planned and staged than the previous one in 1994. I would say that in the short run at least, the downside risks outweigh upside potential.

Steve Weisman: What are some of those? Might they try and provoke a confrontation?

Marcus Noland: The downside risk could come through two channels and both of them emanate from Kim Jong-un's weaknesses rather than his strengths. I think one of the most plausible possibilities is that he will be tempted to engage in provocations to burnish his own credentials internally. The most obvious possibility would be a nuclear test.

But one could also imagine military provocations along the lines of these scrapes they've gotten into with South Korea over the last 18 months. I think an attempt to show that he's a decisive leader, a powerful leader through some kind of provocation is probably the biggest risk.

The other possibility is that he is simply unable to gain sufficient political control to keep various factions and organs of the state from going their own way and doing things that the central government might not otherwise want to do. Here one could think of the military, which has its own pecuniary and institutional interests in things like proliferation and missile technology and engagement in the nuclear trade, going off and doing something and causing some incident simply because he was unable to restrain them.

So I think that the risks in the short run are of these sorts and they emanate from his weakness rather than his strength.

Steve Weisman: Is there any ground for hoping, as his father did, I think in the last transition, that he might send a conciliatory signal?

Marcus Noland: It's possible and we may get a test of that pretty soon. At apparently the same time that Kim Jong-il was having a heart attack and dying, US Human Rights envoy, Ambassador Robert King, was in Beijing negotiating a resumption of American food aid to North Korea.

And the link, which will always be denied by the United States government but has been made by South Korean government officials in various press reports, is that this food aid was a sweetener to get the North Koreans back to the six-party nuclear talks.

So I think we're on the hook for the aid and the question is if the North Koreans go back to the six-party talks, will they be in any position to really negotiate -- or is this a government so weak and insecure that they are unable to make concessions? We may get a test of his intentions pretty quickly.

Steve Weisman: What's your sense of what China is doing in these first hours? Are they playing a constructive role?

Marcus Noland: I think the Chinese are doing the same thing all the rest of us are doing, which is kind of being cautious and waiting. The thing that's really remarkable about North Korea is that it is a political system that seems remarkably insensitive to either punishments or rewards.

We sanction North Korea and it pretty much does the same thing it does before. You try to reward them or give them sweeteners or inducements. They pretty much behave the same way they've done before. Their behavior, both internally and externally, seems to be remarkably driven by their own domestic political calculations and really not that affected by external relations.

The Chinese issued a statement that was basically supportive, but I don't think that should be over-interpreted as some new kind of level of support, but rather similar to the statement the United States government issued, which is that we're all interested in stability on the Korean peninsula.

Steve Weisman: You mentioned the army a moment ago. How much do any outsiders, including the Chinese, know about the army and how much contact do they have with the senior commanders?

Marcus Noland: The Chinese know more about North Korea than we do and they have more contact and more influence than we do. But beyond that, I think, again, you really enter the realm of speculation. There are stories that there's essentially a faction of the officer corps that is more positively disposed to China than some other parts of the officer corps. But that's just kind of a story and we don't really know what that means.

I think it's fair to say that at this point the Chinese are likely to want to see North Korea continue to survive. That's in their interests. But they don't want to see wild provocations that would draw the United States in more deeply or lead to any kind of military conflict on the peninsula.

So I think it's fair to say that the Chinese are probably exercising whatever influence they have to try to just counsel caution, because ultimately what they're interested in is the maintenance of the status quo.

Steve Weisman: Another focus for factional fighting in North Korea has been over economic policy. Their economic minister was dismissed--I think executed--some time back. Where does Kim Jong-un fit into these disputes?

Marcus Noland: I have no idea. Nobody knows. We don't even know how old this guy is. We think he's 28 give or a take a year. We think that he attended boarding school in Switzerland for a couple years.

Steve Weisman: And there was a picture of him there at least.

Marcus Noland: Well, we think that's him. We're not certain that's him. The US government went out and interviewed everyone they could who may have come in contact with him. They've developed a personality profile, which suggests that he may have a certain lack of empathy and that he has a strong interest in basketball. But really we don't know.

What appears to be happening in North Korea is that the society is increasingly corrupt and unequal. There is a group of people, largely in Pyongyang, who have done pretty well. Not great, but they've done pretty well. If you compare their lifestyle today with their lifestyle 10 years ago or 20 years ago, they're better off today. They have access to a wider range of consumer goods and services, they have cell phones. Things are looking okay for them.

But once you get outside of Pyongyang in the hinterland, things look pretty grim. Incomes are stagnant if not falling. I estimate in the two years since the currency reform, inflation has been something on the order of a 140 percent.

More recently, after the harvest when prices of grain normally fall, this year they've continued to rise. The price of corn, the cheaper and less preferred grain, has risen relative to the price of rice, the more expensive preferred grain, suggesting that households are tightening their belts.

So if you look at those estimates of inflation, you look at the movement of food prices after the harvest, the rise and the relative price of the less preferred goods, those are all signals that things are not going well.

Steve Weisman: What's the best thing for the United States in association with South Korea and Japan to do right now? Is this a time for conciliatory gestures, such as on food aid?

Marcus Noland: Yes, I think so. I think that if the press reports are correct, that we did reach some kind of an agreement with the North Koreans this past weekend for the provision of food aid, I think we should go forward with that. I think aid is actually needed. I think one can make a case that that aid should have been provided months ago.

I think on a substantive ground, you can make the case that aid is warranted, and if it's true that we did reach this agreement, I think that in dealing with this new leadership, we want to keep our agreements and we want to establish a positive first step. I think to pull back or to be hesitant would be wrong both for substantive reasons, but also diplomatic reasons as well.

Now in the end, this may be a government that's not interested in seizing the opportunity provided by that conciliatory gesture. In the end, this may be a leadership whose views and values and behavior are antithetical to ours. There are certainly no guarantees, but it seems to me at the outset, given this opportunity to make a positive gesture, we should go through with it.

Steve Weisman: Thank you Marc.

Marcus Noland: Thank you.

