

North Korea’s Shifting Balance of Wealth, Economic Hardships, and the Future of Diplomacy

Dr. Lami Kim

Two years have passed since the Singapore Summit between President Trump and Chairman Kim Jong Un with no progress on North Korea’s denuclearization. However, it would be a mistake to give up on diplomacy. North Korea’s economic situation—not only the overall economic hardship but also the shifting balance of wealth away from the regime—provide strong incentives for Kim to make a deal with the US. Marketization, which began with the collapse of North Korea’s ration system in the 1990s, led to economic decentralization and a rising middle class. As North Korea’s economy has become increasingly reliant on the *donju* class’ financial backing, the influence of the *donju* class has also been rising, posing a threat to the regime. In addition, recent economic sanctions are putting extra strain on the Kim regime. As China agreed to toughen sanctions in the wake of North Korea’s numerous ballistic missile tests in 2016 and 2017, North Korea’s economy started to crumble, intensifying people’s grievances. Experts estimate that North Korea’s foreign currency reserves will almost, if not completely, run out by the end of this year. Sanctions are affecting the government asymmetrically compared with the *donju* class, which is also hurting but still has more means for generating hard currency than the regime. The shifting balance of wealth and the regime’s decreasing control over the economy has made Kim fear for the regime’s survival. Recently, COVID-19 has brought North Korea’s already struggling economy to complete paralysis. Taken altogether, current economic factors may lead to serious instability in North Korea. Sanctions relief is required for the regime to enhance its chance to survive both by relieving economic hardships for the people and by increasing the regime’s controls over the economy. Thus, the US should consider giving diplomacy another chance.

Lami Kim is a lecturer at the Department of Politics and Public Administration at the University of Hong Kong, a research fellow at the Wilson Center, and a visiting scholar at Seoul National University Asia Center. Her research interests are international security and international organizations with a focus on nuclear nonproliferation. Her work has appeared in *The Washington Quarterly*, *Bulletin of the Atomic Scientists*, *Belfer Center for Science and International Affairs*, *The Diplomat*, etc. She also provided commentaries to *Time magazine*, *Al-Jazeera* and *LA Times*. Previously, she has served as a research fellow at Harvard’s Belfer Center, Pacific Forum CSIS and Stimson Center, and also as a South Korean diplomat. Starting from this fall, she will be serving as an assistant professor in Asian Studies at the US Army War College. She holds a PhD degree from the Fletcher School of Law and Diplomacy at Tufts University and a Master’s degree from Harvard University.

Date & Time: June 18 (Thur) 2020, 14:00-15:30(KST), 13:00-14:30(PHT)