

Reflection on the Royal Court Economy made by Kim Jong-Il

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The purpose of this paper is to clarify the role of the Royal Court Economy made by Kim Jong-Il in North Korea. The Royal Court Economy has been made by Kim Jong Il after he became the successor of Kim Il Sung in 1970s. It consists of independent financial, industrial conglomerates, called the Taisung or the Kumkang groups. It has served interests and requirements of both the Kims and the ruling class in North Korea by monopolizing hard currencies. It has given fund for both luxurious life of the ruling class and military expansion including nuclear weapons of North Korea.

North Korea experienced severe starvation called Arduous March in 1990s. Kim Kwang-Jin, one of defectors from North Korea, states that North Korean Economy is composed of two sectors. They are the Royal Court Economy and people's economy. People's economy is governed by the cabinet and the central planning agency. People's economy has allocated resources to people, thus guaranteeing minimum living condition of people in North Korea. According to Kim Kwang-Jin, the Royal Court Economy devastated people's economy by depriving of resources from people's economy. Many defectors tell that this is the main reason of mass starvation of North Korea in the era of Arduous March. How did this happen? We need to examine how and by what cause main economic variables of North Korea had changed in the era of Arduous March. Using a simple theoretical model, we analyze this problem.

Key words

Kim Jong Il, North Korea, Royal Court Economy, Arduous March

JEL classification

P40, P50, P52