

CNN NEWSROOM

HERE COMES THE SON

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BROOKE BALDWIN, CNN ANCHOR: OK. The Soviet Union is long since gone. China opened its doors. Even Cuba is acting a little less bit less repressive these days, but they don't need dictators the way they used to. Or did they?

You may have guessed correctly that this is North Korea, one of the world's last true dictatorships. And the country can throw one heck of a good parade, as you can see. Look at these pictures. You might get the impression this is a world class power house. It's not. Keep in mind, much of the world is sending food to North Korea to keep these people from starving. The country suffers wide spread poverty, chronic supply shortages, its infrastructure, its buildings crumbling.

So, appearances aside, it's not working. Hold that thought back, though, because here comes the news. Take a look at this young man with me. This is the man who -- this is the elder -- this is Kim Jong-il, 69 years old. He's real. His days on earth are numbered. At this big parade, Kim Jong-il unveiled his heir apparent, the younger son, no surprise, it's his son. That's the only way to do it. In fact, here's a brief history lesson.

This Kim Il Sung, North Korea's founder. He was known as "The Great Leader." He led Korea for 45 years from its founding till his death, that was in 1994 at which time he was named "Eternal Leader."

Now his son, the current leader, Kim Jong-il. He was anointed "The Dear Leader" and now has the title "Supreme Leader" and he is commander of the army.

And now take a look at his son, Kim Jong-un. Recently promoted to four-star general even though it's still unclear if he's ever worn a military uniform. We believe he's in his early 20s, maybe late 20s. And as we said, he's the newly unveiled heir apparent.

Important to note here, North Korea has developed weapons and has missiles to launch them. Not big fans of us, Americans.

Joining me now to talk North Korea and it's succession, John Park, senior research associate for the Center of Conflict Analysis and Prevention. So, John, as we watch the pomp and circumstance of the parades, we look at the heir apparent, Kim Jong-un, and we think he's in his 20s and we think he's a general, what do you know about him?

JOHN PARK, CENTER FOR CONFLICT ANALYSIS & PREVENTION (NE ASIA): Well, it's correct, what you pointed out. He's in fact a four-star general and we know that because the Worker's Party of Korea convened their party conference September 28th and in addition to the four-star general appointment, Kim Jong-un, the third son of Kim Jong-il, also received the title of vice chairman of the party's Central Military Commission.

These are not frivolous titles by any means, but it's important to bear in mind though, with respect to the four-star general title, the North Korean economy is heavily militarized. The key components of the economy that runs well is run by state trading companies affiliated to the military. So one way to look at it his four-star general appointment is he's ahead and soon to be the leader of some of these very important and large things state trading companies in North Korea.

BALDWIN: Head and soon to be the leader.

Let's pause for a second, I want to play this sound. This is North Korean expert Gordon Chang.

(BEGIN VIDEO CLIP)

GORDON CHANG, "NUCLEAR SHOWDOWN: NORTH KOREA TAKE ON THE WORLD": There have been four suspicious deaths of senior officials since April. One of them is a -- was a principal supporter of Kim Jong-un. This indicates that there are real problems in Pyongyang despite the show of solidarity and unity, and we need to see how this plays out in the year or so ahead. And if Kim Jong-il passes from the scene quickly, I don't think Kim Jong-un will have had time to consolidate his power and he needs to do that if he's going to survive. (END VIDEO CLIP)

BALDWIN: So he mentions, you heard him, "suspicious deaths", yet you sort of juxtapose that with the pomp and circumstance and the parades and everybody looking unified.

Is it safe to say that things are quite perhaps as unified in nuclear-armed North Korea as they may like it to appear?

PARK: That's correct. As Gordon points out, there has to be this process going forward and a powers consolidation. But what we do know right now is that, more or less, Kim Jong-un's uncle and aunt, Jang Soong-taek and Kim Kyong-Hui, will be forming something of a cocoon. And this is a very important cocoon in which Kim Jong-un is supposed to be groomed for leadership, trained for the job as it were.

So we're not going immediately into a period where Kim Jong-un would be running the country. And the idea is that through this grooming process he would also receive help from Chinese counterparts, not on an individual basis but a party-to-party, the Communist Party of China helping out the Worker's Party of Korea.

And this is in many respects institution building, and this is a process that we'll see more of and a deepening relationship in the coming years.

BALDWIN: And, John, if we look at the pictures, and we have them up, the pictures of this parade, the goose stepping, the formations, the appearance of the military might, it's an impressive show. But at the same time, when you consider the poverty of this country, the hardship, how do they seem to manage to keep everyone on the same page?

PARK: Right, defectors are basically saying that if you look at the situation in North Korea, after Kim Jong-il came to power after the death of his father, Kim Il-Sung, in 1994, the North Korean economy essentially became a two-tiered economy.

One, the general economy, the difficulties that we're all very aware of, food problems, food and security issues being quite chronic.

But the other is the development of the royal palace economy, and these are essentially where the state trading companies are affiliated either to the military or the party operate. And it's this is this palace economy that's operating and really interacting quite closely with Chinese interlocketers (ph), Chinese companies that are doing a lot of the business in cooperation with these state trading companies. Normal transactions, as many, I think, in these types of commercial arrangements would know.

But this is the situation where it will be very interesting to know where Kim Jong-un, when he is ready for leadership, will take over this two-tier economy.

BALDWIN: Kim Jong-un, it's a name we're all learning today. John Park, my thanks to you. There are new worries about the housing market as major banks put a freeze on foreclosure sales. So what's the underlying concern here? I'm going to talk to my friend Poppy Harlow about that. That is coming up.

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