

Approaching Korean Unification

What We Learn from Other Cases

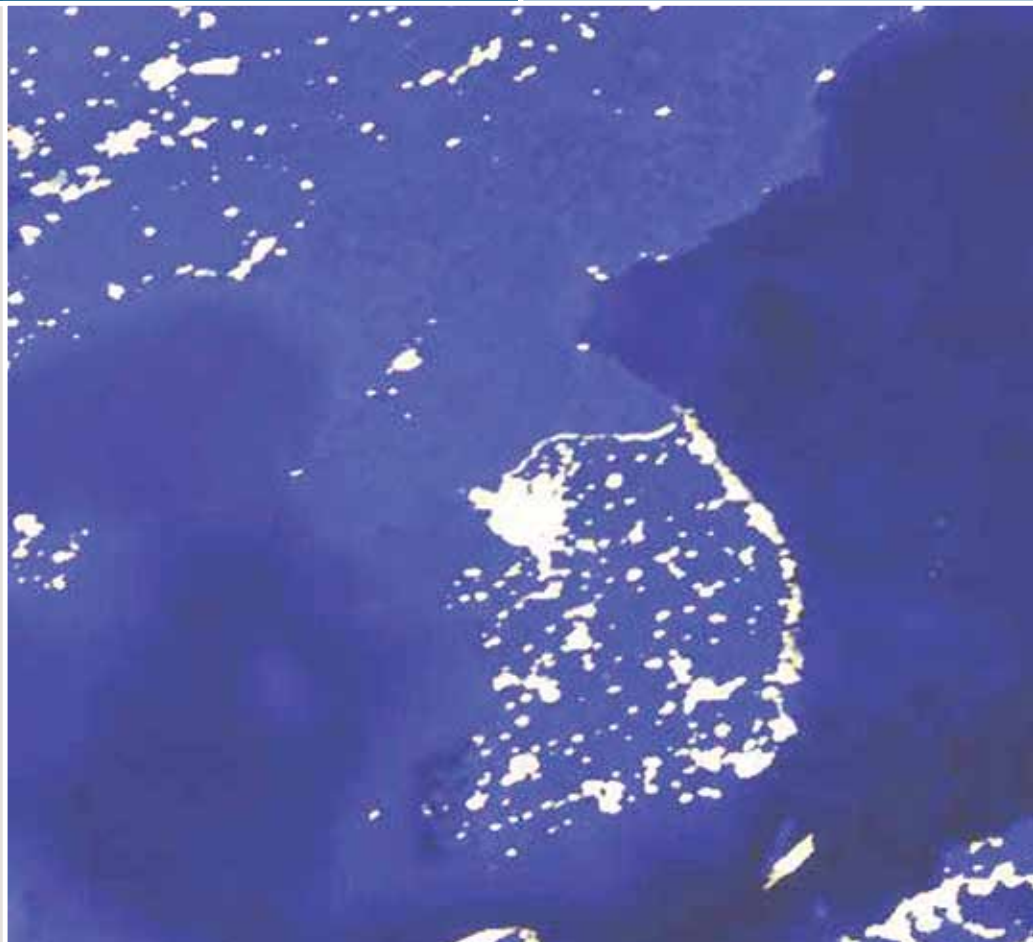
An Interim Report of the USC-CSIS Joint Study,
The Korea Project: Planning for the Long Term

PRINCIPAL INVESTIGATORS

Victor Cha

David Kang

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Cover photo: Satellite picture displaying the Korean peninsula at night (NASA: Visible Earth: Earth's City Lights).

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APPROACHING KOREAN UNIFICATION

WHAT WE LEARN FROM OTHER CASES

Victor Cha and David Kang¹

Concept and Format

The concept for our first conference of the Korea Project, an effort sponsored jointly by the CSIS Korea Chair and the University of Southern California Korean Studies Institute, was to frame a discussion of the long-term tasks involved in Korean unification. Although much work has been done both in the academic and policy worlds on military contingency planning for a collapse, far less work has focused on the longer term but inevitable tasks of knitting the two nations together into one. Governments do not have the time or resources to plan for possibilities that may occur far in the future, even if they are aware that such an eventuality is unavoidable. When the project's principal investigators, Victor Cha and David Kang, explained the project to both U.S. and ROK (Republic of Korea) government officials, the latter unanimously acknowledged the importance of the topic and requested to be briefed on the findings.

In this first phase of the Korea Project, we framed unification tasks in a wider empirical context. One can only discuss unification intelligently and seriously by first inducing from a wider set of cases the lessons that might be applicable to Korea. Thus, the focus of the first phase was to bring in world-renowned experts on issue areas such as energy, migration, health, environment, and education to explain the lessons learned from other cases of rehabilitating collapsed systems that might be applicable to Korea. Principal investigators Cha and Kang provided written guidelines for papers, asking the functional experts not to focus on Korea per se, but to bring their wealth of knowledge from other cases and practices and induce what might be useful for pathbreaking thinking on Korea. The range of empirical cases presented at the conference was wide, stretching from sub-Saharan Africa to Iraq to Cambodia and even the former Soviet Union. We then paired up these functional experts with top Korea scholars from the United States and the ROK to form “unification teams” that talked with each other in advance of the meeting. The combined functional and regional expertise in each team created synergies that led to innovative thinking about how to conceptualize unification in the Korean context.

The meetings at University of Southern California's Korean Studies Institute took place over two days—August 20–21, 2010. To maximize the time for innovative discussion, paper writers were given a hard deadline for submitting papers to their team members and to the broader group one week in advance of the conference (all but one made this deadline). Pre-conference discussions were encouraged within each team. When we convened, we did not waste precious

1. Victor Cha is senior adviser at CSIS and holder of the CSIS Korea Chair. David Kang is professor of international relations at the University of Southern California. Funding for this report was provided by the Korea Foundation, CSIS, and the University of Southern California.

time by having the paper writers present their work as it was assumed that all had read the papers in advance. Instead, each session started with comments by the Korea experts on the functional papers by their team members. This method enabled discussions to move linearly toward how the universe of cases regarding migration (for example) could help us to think about potential patterns of DPRK (Democratic People's Republic of Korea) migration after collapse of the regime in Pyongyang. We found this formula to be very successful and plan to continue to use it in the future phases of the Korea Project.

Topics and Participants in Phase One

Law: Transitional justice and rule of law

- Jong Han Kim: Social security
- Phil Hong: Transitional justice

Discussants: Kang Choi; John Park

People: Migration and education

- Courtland Robinson: Refugees
- Stuart Thorson: Education reform

Discussants: Suk-young Kim; Rob Oppenheim

Economics: Energy and state-owned enterprise (SOE) reform

- Peter Hayes: Energy
- Gary Jefferson: SOE reform

Discussants: Minxin Pei; John Park

Society: Environmental issues and public health

- Jinsuk Byun: Environment
- Steve Morrison: Public health

Discussants: Stephen Linton; Rob Oppenheim

Lessons from other cases

- Rusty Barber: Lessons from Iraq
- William Long: Reconciliation in former civil/ethnic wars

Discussants: Kim Sung-han; Scott Snyder

Discussion and Initial Takeaways

Cha and Kang, the two principal investigators who had provided written guidelines to the paper presenters, found the papers to be uniformly thoughtful, well-researched, and interesting. This phase of the project alone has produced a unique compilation of short research briefs heretofore not seen in the Korean studies literature.

The discussion, which was spirited and insightful, centered on a number of issues during the two-day conference:

- What are the assumptions about regime, state, or political system collapse? What are the conditions that lead to peaceful, gradual, internal collapse, war? Although Cha and Kang had hoped to move discussion beyond these initial issues, it became clear that how unification or collapse occurred would have a major impact on the issues of transition that would arise afterward.
- What is the role of outside patrons (i.e., China) in a regime on the brink of collapse? China will be enormously important in any Korean transition, and discussants were divided on whether outside patrons would intervene.
- What types of planning are possible?
- What have we learned from other cases of migration after regime collapse? Would a large portion of the North Korean population attempt to move to either China or South Korea? Or would they attempt to remain in North Korea? What factors might affect their decision about whether to migrate?
- What have we learned about reconstituting failed health and energy systems?
- What have we learned about conflict resolution and transitional justice in national reconciliations?
- How much attention and interaction with North Korean people themselves is desirable? Can we make plans in the abstract that have any bearing on the reality on the ground in North Korea? Or are these attempts unlikely to be useful when the actual time of unification occurs?
- What have we learned from other cases about education reform and reform of state-owned enterprises? Do the lessons from other post-Soviet states offer any insights into how to manage institutional change?
- What have we learned from past and current cases of state-building and nation-building? Is it better to destroy and remove all existing institutions and begin anew, as the United States attempted in Iraq, or does this create such chaos that the costs outweigh the benefits?

Initial Takeaways

Principal investigators Cha and Kang believe that the project's first phase unearthed a wealth of interesting data and cases applicable to Korean unification. Again, the purpose in this initial phase was to think about what lessons could be induced from functional experts and the cases they have studied and encountered over time that might be useful for Korean experts and practitioners as they think about the North Korea case. In the initial phase, many of these lessons are drawn from mistakes made in past cases that could be avoided in Korean unification. Such lessons are more useful for policymakers than proactive directives. Directives are almost impossible to prescribe in advance and without context, because the specific contingencies and conditions that emerge in a crisis situation will have much influence on the types of initiatives that are taken. However, cautionary lessons are extremely useful for thinking about unification. The benefit of past experience allows future policymakers to understand what sort of pitfalls to avoid when crisis descends. The following are important initial lessons learned from phase one of the Korea Project:

Political Expediency versus Long-term Restructuring

- Korean unification will create tremendous pressures for the ROK government to provide immediate benefits to the North Korean people to show kindness, acquire political loyalty, and prevent migration. What have other cases shown us about this?
- In almost every past case of state-building, those in charge face an immediate political need to provide benefits (e.g., food, clean water) instantaneously to the entire population to show a demonstrable improvement in the living situation (compared with the past regime). The problem, though, is that these efforts almost always come at the expense of investment in longer-term restructuring of the environmental situation or health sanitation infrastructure. For example, political expediency requires that clean water be immediately brought in for the target population, but the dispersion of these resources comes at the expense of building a long-term water purification system in the country. This becomes a vicious circle as those in charge are forced to continue with these handouts in order to retain the loyalty of the people and to prevent mass migration. There are also secondary unintended consequences from following the political expediency strategy. In Iraq, for example, U.S./UN forces worked to provide consumer appliances to all parts of Iraq, especially those provinces that had been neglected by Saddam Hussein. But they did this without improving the overall capacity of the electrical power grids in the country. The surge in power demand blew out portions of the power grid in Baghdad, resulting in blackouts that created disorder and protests against coalition forces in the capitol. This undercut the original political intention of the handouts.

Defining the “Tipping Point”

- Given the trade-offs of political expediency versus longer-term restructuring, occupying forces must eventually determine where the “tipping point” will be—i.e., at what point do you stop diverting scarce resources to handouts and focus them more on longer-term restructuring that has lower short-term returns? The history of past cases has revealed a large gap between what experts would recommend and what actions are actually taken. Experts will recommend an objective point at which the switchover must be made, but in reality, this tipping point is almost entirely politically determined. And it usually comes when the handouts strategy has led to some unintended negative consequence (such as the one described above). It is only at that point that occupying forces then change strategy.
- The key lesson for the Korean case, therefore, is to try to determine as early as possible in the process how and when to make the transition from handouts to the North Korean people (to keep them from migrating) to deeper investment in long-term restructuring.

Capacity-Building for Social Security

- Unification will exert tremendous burdens on the ROK social security system. How does one deal with these burdens, and how does one map out ways to handle intra-Korean movements to avoid overburdening certain provinces?
- Past cases of social security have shown that pre-crisis capacity building is critical to address anticipated burdens on the system. It is difficult for governments alone to do this. It requires the help of the private sector. But the private sector needs financial incentives in order to begin stockpiling health vaccines, cold medicines, sanitary supplies, etc., in warehouses or on docks. One remedy for this situation calls for governments to provide tax credits to companies that undertake these preparations.

- Past cases (including the United States) have shown that large-scale public works projects are almost a requirement to deal both with unemployment and social security problems. There are dangers associated with large-scale projects alone, unless these are accompanied by job-training and complemented by microcredit financing.
- Intra-territory travel, though a politically sensitive issue, is critical for social security. One solution that might be applicable to the Korean case was the visa system used by Hong Kong and China after reversion. The system, which placed limits on visa travel, may not be an exact fit for Korea, but is a useful empirical referent.

Transitional Justice

- Transitional justice is a politically explosive issue in a unification context. While some may not see it as the main priority in attempting national reconciliation, others see it as critical from a human rights accountability angle.
- Past cases have shown that it is very difficult to perform transitional justice amidst a fluid political environment. Inevitably, some outside intervention and participation under the auspices of the International Criminal Court, International Court of Justice, or the UN are necessary (e.g., Cambodia).
- Past cases of transitional justice have also shown the spillover effects of these trials that could complicate foreign policies with other nations. For example, testimonies by defendants can often implicate other countries who might have been complicit with past practices of the regime. This would almost certainly be a major consideration in the case of North Korean defendants who might testify about actions they took in concert with China and with Chinese acquiescence on their territory. This could significantly impact ROK-China relations. This would also make a UN tribunal in the Korean case very difficult to obtain, given likely Chinese opposition.

Refugees/Migration

- One of the biggest drivers of change in a unification scenario is projected patterns of mass migration of northerners into South Korea. What do past cases tell us about these patterns?
- The current pattern of migration by North Koreans out of the country is largely women and children. As past cases of migration show, this portends a higher level of human trafficking.
- Previous cases show, however, that the model of a current defector from North Korea is no accurate indicator of future migration patterns. The requirements for migration today will be different from migration under unification. If anything, past cases have shown that we may be *overestimating* the levels of refugee flows in unification. Cases in Africa, Iraq, and others show that planners prepared for massive migration that never happened. People ended up clinging to their home existence despite inordinate hardships. One of the most important predictors of migration movement is the individual history of the family. If the family has a relative that has successfully moved to a better existence, then there is a greater likelihood that the family will do the same once political controls are lifted.

Education Reform

- Education will be one of the largest long-term investments in reconstituting a united Korean peninsula. There are some successful models of education reconstruction and reform,

and in our education team, we had one of the leaders of Syracuse University's cooperative endeavors with Kim Chaek University in North Korea.

- Past cases show that sustained and meaningful education exchanges prior to unification would be helpful. In cases of heavily sanctioned states like North Korea, U.S. export control regulations are a major impediment to providing the schools with necessary equipment to allow for exchanges.
- One of the most successful cases of education exchange has been in South Korea itself with the Fulbright scholar program, which brought a generation of ROK leaders to the United States for postgraduate study. After unification, expansion of the program to the North would be useful.
- One of the interesting impediments in past cases of vocational training in post-communist societies is lack of student initiative. Many students had been conditioned to thinking that there was no need for effort because education would be followed by the state's provision of employment. Thus there are some start-up costs to education reform beyond the physical.

Energy Sector

- Rehabilitation of energy will be a key priority in unification. What have we learned from other cases and some substantial studies already in existence on North Korea?
- At the macro-level, planners will contend with the classic trade-off described above in terms of short-term political handouts and relief versus longer-term infrastructure investment. One very useful method for closing this gap in the North Korean case is simple winterization projects. These are cheap relative to other large-scale projects, they can increase energy efficiency by 40–60 percent in homes, and they satisfy both short-term and long-term requirements.
- In the longer term, the main energy solution for North Korea will not come from within the country but from regional energy networks involving Russia, Korea, China, and Japan. The primary economic benefit to the North will not come from their coal mines but from rents that will be paid to them as a transit way for energy/gas grids that will connect Korea and Russia.

Environment

- What do we know about the status of the environment in North Korea, and what will be the priorities and pathways for environmental cleanup with unification?
- Past cases have shown that we probably underestimate the pollution and degradation situation in North Korea. Communist systems generally produce the worst pollution. The ideology, which is human-centric, allows nature to be exploited for social benefit. Communist systems also create production metrics that allow for massive exploitation of the environment to meet those metrics. At the end of the Cold War, Poland's rivers were 95 percent unsuitable for municipal use. In East European countries, an average of 40 percent of waste water was untreated.
- Past cases have shown that in North Korea, there will be an actual decline in pollution levels prior to collapse because the downturn in the economic situation reduces all production levels. But once the initial efforts to rebuild the economy using the current infrastructure commence, there will be massive increases in pollution.

- Past cases have also shown that the most useful value-added fixes for the environment are sewage plants. Thus Pyongyang and Nampo sewage plants would be a priority.
- Past cases have also shown that toxic waste sites near municipal areas, though very expensive to clean up, are a high priority. They are likely to be a high priority in the Korean case as well.

Health

- What would be the priorities in reconstituting North Korea's health system? What have been the historical precedents? Where would North Korea's health situation rank in the global health movement?
- Past cases of broken state-run health systems in Africa and Asia have shown that key priorities in reconstitution are targeted revitalization of hospitals and clinics; strategic upgrading of skilled health professionals; detailed survey of existing health assets; and costing exercise with concrete targets for training. In terms of information systems, creating a national data and supply chain system will be critical as well.
- More than energy or security, health is an important soft power tool in winning hearts and minds in transitioning societies—with priorities on children, pregnant and lactating mothers, the elderly, and orphans.
- Health reconstitution is also a critical driver of migration patterns.
- Health, like energy, is an area where moving from an emergency situation to longer-term sustainability presents a political challenge, especially since health is perceived to be a critical determinant of migration patterns.
- In this regard, creating ownership at the community level is important. Past cases have shown that any external intervention in a health system is more successful if it operates on the assumption that an already functioning health system is coping with demand on the ground. It is important to learn what that system is and to make adjustments that will help people but also respects the preexisting indigenous system. Whatever new system that comes into being must use North Korean doctors, nurses, and midwives to be successful.
- The global health movement saw a decade of increased funding—mostly in infectious diseases in Africa and South Asia. We are now in a period of plateau, where funding from public and private sectors has slowed. The movement is primed, in other words, for its next big cause, which will then determine the next phase of growth.

State-building/Domestic Stabilization

- What will be the priorities in establishing political order in North Korea? What are the mistakes of the past that we can learn from? What are the potential political fissures that might emerge?
- Past cases show that it is critical, in the precollapse state, to map a country's internal conflicts as best as one can to gain a sense of actors' motivations, incentives, and capabilities.
- As controversial as it might seem, past cases also show that stabilization requires consensus. Planners need to include stakeholders and some elements of the preexisting enforcement agencies.

- Past cases show that centralized training programs at the federal level are hard to maintain. Provincial reconstruction teams, which have proven to be a useful innovation, are civilian in nature and create training and ownership of the stabilization endeavor at the local level.
- Negotiating debt relief for the country has proven to be an important task as well for stabilization of the new political authorities.
- Past cases show that a jobs program, though critical, carries potential political externalities. Jobs programs tend to benefit densely populated areas, but those that are not densely populated do not benefit and may even become alienated and radicalized. Any jobs program must be conscious about compensating potentially excluded areas.
- Past cases show that the sequencing of actions, which is a big part of successful stabilization, not only pertains to the “tipping point” for longer-term restructuring, but also to determining the appropriate time to do transitional justice. Such decisions cannot be made by external planners alone and must include input from North Koreans themselves.

Summary of Phase One Takeaways

North Korea, as one of the participants noted, was a grand plan that failed. As we think about unification, we must be careful not to produce another grand plan that will also fail. Principal investigators Cha and Kang concluded from these discussions that inherent tensions exist between a big plan and the reality of what actually works. Any plan or concept of unification efforts must be malleable enough to adapt to the situation on the ground. This process will require wise, in some cases courageous, political decisions by the planners.

With Korean unification, planners will have to address a plethora of immediate needs in health, environment, energy, and education, balancing them with investment in longer-term restructuring beneficial to all of Korea (not just the North). Sequencing of tasks will also be critical as will be the use of, and respect for, practices on the ground in the North that work. Some practices may not be the best ones, by rational terms, but if they work for the North and cause no harm, then planners must adapt to these subtleties.

Dealing with a collapsed North Korean regime will be easier if the country itself does not collapse. That is, it is critical that policies are undertaken today to address some of the problems the conference foresaw for the future—from public health and marketization of the economy to academic exchanges and environmental degradation. The cost could be prohibitively high, as is well known. But dealing with these issues today can help to ameliorate some of the problems. Without preparations now, the costs and problems associated with collapse in North Korea may be so high that the South Korean people will grow resentful and perhaps even vicious toward their Northern neighbors. International cooperation will be critically important, yet this topic is very sensitive. Some parallel “six party talks” could be important for setting up ways to communicate. And finally, preparing for things *not to do* is important: we know that any plan will likely be changed, and we know that there will be problems. The question is thus how to avoid the most obvious problems. How can adjustments be made on the fly?

Phase Two: Substantive Adjustments and Organizational Changes

Successful as this first conference was, Cha and Kang realize that there are a number of ways in which the follow-on second and third conferences can be improved. Substantively, there is clearly a need for additional papers to research new areas:

1. An introductory paper by Cha and Kang to cover assumptions, scenarios, and issues with collapse
2. International legal issues—sovereignty, treaties, and alliances
3. Listening to North Koreans themselves—what can we learn from refugees?
4. Rebuilding the financial system
5. Encouraging market reform
6. Dealing with the North Korean military
7. Reforming the civil service—retain or fire the bureaucrats?
8. The Vietnam case
9. Lessons from the Communist takeover in China, the U.S. takeover of Korea
10. Lessons from the business world—what do we know about corporate mergers?

The overall format—two discussants for each section—was very successful. Cha and Kang agree, however, that giving each paper writer a more focused question or set of issues to address will help the papers be more coherent. The second conference will thus include more focused author guidelines and a greater number of papers. To accommodate the expanded substantive areas, Cha and Kang may consider lengthening the conference.

Phase Three: Plans and Outline

Given the regional implications of any type of North Korean collapse or unification of the peninsula, the third conference would take the existing set of papers and invite two commentators from countries in the region—China, Japan, Russia—as well as two generalists. This third group of papers will attempt to put the lessons learned from the first two conferences into a more political and general context, exploring possible regional reactions to, and interests in, unification. As such, this final conference will be a means of beginning an informal dialogue with regional partners about how best to coordinate, manage, and prepare for unification or collapse.

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