

38 NORTH

SPECIAL REPORT

# Right-Sizing North Korea's Military Establishment

## Can Pyongyang Pull Off Demobilization?



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## Introduction

Kim Jong Un has used military personnel in the past to carry out civilian construction and infrastructure projects and in his [2019 New Year address](#), the North Korean leader mentioned the importance of the military in the country's construction projects. Kim has also reportedly expressed his desire to reallocate resources from the military to the civilian sector, which could include future manpower reductions if North Korea decides that peace and security on the peninsula would allow it to downsize its conventional forces. Whether Pyongyang has the capacity and the resources, however, for large-scale demobilization and reintegration—and is prepared to implement market reforms that would be required to make the most efficient use of these resources—remains an open question. South Korea might be willing and able to help Pyongyang develop a viable plan to deactivate many of its troops and reintegrate them into the civilian economy, but a multilateral effort will likely be required depending on the scope and pace of the effort.

## A Short History of Military Demobilization

Throughout the last century, the demobilization of mass conscript armies in Europe and the Soviet Union created tension, resentment, disaffection and anger. Many ex-servicemen were discontent with the failure of their governments to make good on its promises to veterans, who were often refused pensions and adequate housing and were forced to deal with corruption and inefficient bureaucracies. Still worse, the rapid and haphazard demobilization of the Iraqi Army following the end of the second Gulf War was a catastrophic failure. Because there were no plans in place for resettlement, assimilation and reemployment, many of the Sunni ex-combatants took up arms and joined the insurgency against US forces.

Other countries have had somewhat better results with mass military demobilization and reintegration. The Chinese were reasonably successful in managing the implementation of the 10 People's Liberation Army (PLA) force reductions that were made between 1950 and 2017, reducing the total size of the PLA from 5.5 to 2.0 million.<sup>1</sup> As for demobilized soldiers, the need for employment, schooling and housing put great pressure on the social system, particularly on retraining centers. The state instituted a training program for demobilized soldiers; however,

unlike in other countries, PLA officers usually left the service without either retirement funds or an education. Still, the PLA was professionalized and reduced in size.

A few African countries, albeit under very different circumstances, also enjoyed some modest success with Driver Recognition Programme (DRP) following the end of civil wars or other internal conflicts. Although national experiences with DRP varied widely, World Bank studies of the relatively successful cases highlight important lessons learned that might help North Korea's central and provincial governments overcome the challenges they would face with DRP.<sup>2</sup> The most important of these include whether they can: 1) find jobs for all the downsized personnel; 2) allocate sufficient resources to pay benefits and pensions; and 3) deal with the impact on social stability of resettling downsized personnel in their home provinces. Based on World Bank assessments, these best practices would be generally applicable to North Korea's situation:

- **Coordination:** There is greater efficiency in planning demobilization and reintegration at the same time. Treating demobilization and reintegration as independent programs accounts for many inefficiencies and delays. Harmonizing these overlapping phases would require advance planning among a diverse group of players (e.g., the government, the KPA, outside donors and program implementers).
- **Institutional Capacity:** DRP requires substantial institutional capacity for planning, implementation and oversight of potential fraud—for example, the need to disperse ex-servicemen geographically, the provision of decentralized benefits to thousands of former military personnel, and the management burden of planning, coordinating and obtaining funding for reintegration programs.
- **Donor Support:** Even with substantial advance preparation and planning, North Korea lacks the resources to design, manage and administer a DRP and will need outside financial and technical assistance to execute these tasks in a timely manner. Both the World Bank and the UN could, if North Korea meets their standards, support Pyongyang's DRP initiatives. Over the past 25 years the Bank, often in cooperation with the UN, has supported about 21 DRP in more than 15 countries, primarily in Africa. To secure such assistance and the resources needed to bring DRP to fruition, Pyongyang will need to be transparent with information that is critical to effective reintegration planning, such as where it plans to resettle veterans and the timing and scale of demobilization.
- **Data Collection and Dissemination:** Advance knowledge of where veterans will settle and where demand for their skills will be greatest can permit authorities to prepare specific communities that are expected to host this influx and to develop community-based programs. To work effectively with donors in designing DRPs, the North Korean government would need to provide data on the educational levels and marketable job skills for successful economic and social integration.
- **Targeted Reintegrated Programs:** Most DRP packages include monetary payments in various forms (e.g., lump-sums, severance pay, pensions) or different types of in-kind assistance for training and education geared to employment and resettlement. Cash payments are relatively easy to administer but they must be closely monitored to avoid massive graft and corruption; they are also attractive to returning servicemen who want immediate compensation, providing a needed source of income to successfully navigate

the transition between de-mobilization and reemployment. The most effective form of in-kind assistance would provide veterans with access to inputs that would allow them to participate in community-based projects for home building and infrastructure and agricultural development.

- **NGOs and the Private Sector:** Anecdotal information from countries that carried out military downsizing suggests that: 1) large, publicly-run training or employment programs may encounter greater difficulty in matching training and education for employment to market demand than smaller privately-run and/or community-based programs; and 2) DRP programs managed by the private sector and/or NGOs, but which are adapted to the specific needs of returning veterans, appear to have been more effective than large-scale, government-created programs.

Many KPA enlisted personnel, who serve for ten years and are poorly paid, have no marketable skills and would have to be retrained and reeducated. But some have experience with driving and maintenance of vehicles or other mechanical skills for which there is a demand in the North Korean civilian economy; discharged officers and soldiers could also be used in the mining industry and for construction of houses, schools, hospitals and transportation infrastructure.

These redirection and reemployment opportunities would be far more plentiful if sanctions affecting these activities were lifted and if the North Korean government were willing to directly pay discharged military personnel at much higher market rates. Moreover, if sanctions are lifted and North-South reconciliation and inter-Korean economic cooperation remain on track, many ex-KPA officers and soldiers could be employed in South Korean industrial companies, which face a labor shortage that will only be partially addressed by personnel cuts that will be made in the ROK armed forces over the next few years.

To get more traction with Kim Jong Un, military demobilization and reemployment should be linked to his longer-term vision for the North Korean economy. It is clear from the modest economic and management reforms he has introduced that Kim wants to expand the private sector and encourage the growth of markets and reduce the role of central planning in managing the economy—in other words, he wants to transform the way the North Korean economic system works. Any outside involvement in assisting North Korea with demobilization and reintegration should be based on Kim's priorities of improving the performance of the North Korean economy, delivering better services to the North Korean public, and raising the population's standard of living. At the same time, benefits will have to be provided to military officers who stand to lose the most from a demobilization process. Kim has his own incentives to move in the direction of expanding the role of markets in the economy. But outside actors will likely need to provide additional incentives—for example, sanctions relief—to facilitate this process of change.

## Slow but Steady Wins the Race

The difficulty of downsizing, disbanding and reintegrating North Korean military forces into civilian society and the economy will be a function of many factors, including the scope and pace of the effort, the underlying strength of the civilian economy and its capacity to generate jobs for these personnel, the quality of economic planning, management and administration, the

availability of resources, and the willingness of the leadership to embrace marketization. As the experience of other countries with demobilization and reintegration have shown, if the process is not properly managed it can lead to social and political instability. Releasing a large number of KPA officers into a civilian economy that cannot absorb them or pay a decent wage could cause problems for the regime. Further, the jobs that may be available aren't just about the money for many of these individuals; it's also about prestige and security. Any new sectors that are opened in North Korean society have to serve these interests of former KPA officers in particular—they cannot just be bought off.

Meeting this challenge underscores the need for intense and thorough planning based on the principles and standards described above. The risk for Kim, of course, is that the changes wrought by demobilization and reintegration will prove to be too much for the system to manage. Accordingly, the regime and outside stakeholders who become invested in this process will need to embrace a concept of “stable change” that focuses on realizing Kim’s vision of the North Korean economy that is serviced by incremental progress over a long period of time—in other words, a sustainable go-slow strategy. Being in a hurry and cutting corners will not get the job done.

## Endnotes

- <sup>1</sup> James Chen, “Downsizing the PLA, Part 2: Military Discharge and Resettlement Policy, Past and Present,” *China Brief* 16 no.17 (November 11, 2016) .
- <sup>2</sup> The World Bank, *Demobilization and Reintegration of Military Personnel in Africa: The Evidence from Seven Country Case Studies*, WB/IDP130 (Washington, October 1993).