North Korean Paradoxes

Circumstances, Costs, and Consequences of Korean Unification

Charles Wolf, Jr., Kamil Akramov

Prepared for the Office of the Secretary of Defense Approved for public release; distribution unlimited

Contents

Prefaceiii
Figuresvii
Tables ix
Summary
Acknowledgments
Acronymsxxi
CHAPTER ONE
Preamble: Purpose and Roadmap
CHAPTER TWO
North Korea: Obscurities and Paradoxes
Obscurities
Paradoxes
CHAPTER THREE
Size, Growth, and Structure of the North Korean Economy9
Data Problems
The North Korean GDP10
Structural Characteristics of North Korea's Economy
CHAPTER FOUR
How the System Might Unravel: Scenarios for Reunification 21
Diminished Attention to Reunification
Three Reunification Scenarios

Scenario A: Unification Through System Evolution and
Integration
Scenario B: Unification Through Collapse and Absorption 23
Scenario C: Unification Through Conflict
CHAPTER FIVE
The Capital Costs of Korean Reunification: Estimation and
Management
Fluctuating Interest in Reunification
Simulation and Uncertainties
The Model
Simulation Results
Distributing the Costs of Korean Reunification
CHAPTER SIX
Other Estimates of Reunification Costs
Differing Sources and Types of Cost Estimates
The Wide Range of Reunification Costs
CHAPTER SEVEN
Is Germany's Reunification Experience Relevant?51
Germany's Reunification Costs
Germany's Military Unification Experience
CHAPTER EIGHT
Conclusions: Effects on Korean Security Policies and Programs 59
WMD Capabilities and Programs
Korea's Alliance with the United States
APPENDIX
A Simple Simulation Model for Sizing Korean Reunification Costs 63
Bibliography65

Contents

Prefaceii
Figuresvi
Tables ix
Summary xi
Acknowledgmentsxix
Acronymsxx
CHAPTER ONE
Preamble: Purpose and Roadmap
CHAPTER TWO
North Korea: Obscurities and Paradoxes
Obscurities
Paradoxes
CHAPTER THREE
Size, Growth, and Structure of the North Korean Economy9
Data Problems
The North Korean GDP
Structural Characteristics of North Korea's Economy
CHAPTER FOUR
How the System Might Unravel: Scenarios for Reunification 21
Diminished Attention to Reunification
Three Reunification Scenarios

Scenario A: Unification Through System Evolution and
Integration
Scenario B: Unification Through Collapse and Absorption 23
Scenario C: Unification Through Conflict24
CHAPTER FIVE
The Capital Costs of Korean Reunification: Estimation and
Management
Fluctuating Interest in Reunification
Simulation and Uncertainties
The Model
Simulation Results
Distributing the Costs of Korean Reunification
6
CHAPTER SIX
Other Estimates of Reunification Costs
Differing Sources and Types of Cost Estimates
The Wide Range of Reunification Costs
CHAPTER SEVEN
Is Germany's Reunification Experience Relevant?51
Germany's Reunification Costs
Germany's Military Unification Experience
CHAPTER EIGHT
Conclusions: Effects on Korean Security Policies and Programs 59
WMD Capabilities and Programs
Korea's Alliance with the United States
•
APPENDIX
A Simple Simulation Model for Sizing Korean Reunification Costs 63
Bibliography