



THE POLITICAL ECONOMY OF US-ROK OPCON TRANSFER

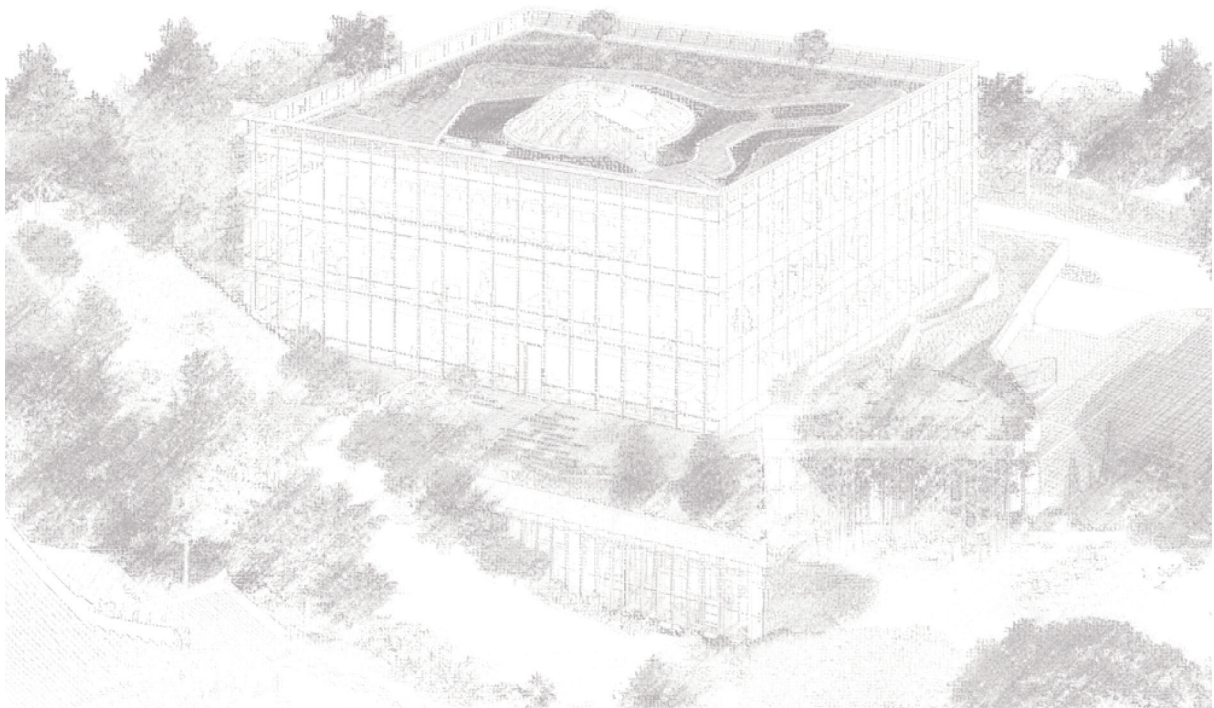
AIPS ROUNDTABLE

NO. 1

APRIL 2010

The Political Economy of US-ROK OPCON Transfer

- **Date :** Thursday, April 15, 2010
- **Time :** 09:30~12:00 Roundtable
12:00~13:30 Lunch
- **Location :** Main Conference Room (4F), AIPS
- **Panelists :** Bruce Bennett (RAND Corporation)
Choi Kang (Institute of Foreign Affairs and National Security)
Chun Chaesung (Seoul National University)
Koo Bon-Hak (Hallym Institute of Advanced International Studies)
- **Moderator :** Hahm Chaibong (AIPS)



Executive Summary

Recent tension on the Korean peninsula marked by the *Cheonan* sinking has brought renewed attention to the US-ROK military alliance and its deterrence capability vis-à-vis DPRK. Central to this alliance from a tactical perspective is the US-ROK operational control (OPCON), which is the control over wartime command of the joint US-ROK military forces. Although the U.S. and the ROK, under the then-President Roh Moo-hyun, reached an agreement in 2006 to transfer OPCON to the ROK by 2012, this agreement remains controversial and has raised security concerns among both the ROK military and the public. In the background to OPCON transfer loom larger issues including the ROK's capacity for self-reliant national defense and changes in U.S. military strategy towards concepts such as strategic flexibility, hybrid warfare and rebalancing. In the first AIPS Roundtable, convened on April 15, 2010, participants examined the complexity of the issues surrounding OPCON transfer and delivered their policy recommendations.

In the opening presentation, Bruce Bennett of the RAND Corporation touched on recent changes in U.S. overseas military personnel and focused on ROK military modernization and defense spending. Noting the U.S. desire for a stronger ROK military, Bennett voiced concern for recent trends in the ROK military such as a shorter conscription period, and called on the ROK to more actively address issues of "fairness" in burden sharing between allies. The three Korean experts speaking afterwards – Koo Bon-Hak, Choi Kang and Chun Chaesung – echoed Bennett's call for a stronger ROK military while also emphasizing the need for a vigorous US-ROK military alliance. Koo elaborated on the reasons why many South Koreans demand a delay of the OPCON transfer, such as a lack of ROK preparedness to counter DPRK WMDs and controversial domestic political considerations behind the transfer. Koo then discussed in detail the economic dimension of the OPCON transfer, in particular the ROK Defense Reform 2020 and defense burden sharing since the signing of the Special Measurement Agreement in 1991.

Agreeing with Koo, Choi touched on the historical background to the ROK's efforts for a self-reliant national defense and discussed current difficulties, such as the feasibility of the ROK Defense Reform 2020 and honoring the ROK commitment to increased defense spending. Choi also mentioned diversification of the North Korean threat and the need for the ROK to share with the U.S. responsibility for regional and global security. Lastly, Chun elaborated on problems with the scheduled OPCON transfer as agreed under the Roh administration, especially in light of changes in the current Lee administration's foreign policy and also taking into account long-term US-ROK cooperation after 2012. Arguing the need for a new master plan for ROK national defense that reflects changes in inter-Korean relations, U.S. military strategy, and regional & global security environment, Chun also pointed out the need for a better informed ROK public as the ROK becomes a maturing democracy and public perception of the U.S. changes.

Bruce Bennett (RAND Corporation)



My presentation is about the economics of OPCON transfer. But I will also discuss, to some extent, the politics and the military aspects of the transfer. For the U.S., the biggest military concern today is Iraq and Afghanistan. One current U.S. military objective is that all troops going into Iraq and Afghanistan will be there for one year, and then home for two. The United States is not meeting that objective as of now. Personnel are getting about 1.2 years at home. Many of those troops, half of whom are married, spend long times away from their families. That means they may be prepared to serve in Iraq or Afghanistan once, twice and perhaps even three times, but for many, the current pace of deployment is unacceptably high.

This has led to an interesting change. If you look at the U.S. *Quadrennial Defense Review (QDR)*, it identifies four principal objectives for the U.S. military forces. And for the first time, preserving the all-volunteer force is one of those objectives. There is considerable concern that the rate of overseas deployment of personnel has gotten too high, causing the U.S. military to lose valuable people. The essence of the U.S. military is not just high-tech; it is also experienced and capable personnel who can use that equipment in meaningful, appropriate ways.

These concerns have made the U.S. anxious to have its allies become more militarily self-reliant. The U.S. has been saying to the ROK for close to 10 years that the ROK should be more self-reliant militarily. Self-reliance is also what the ROK government and the Ministry of National Defense (MND) have identified as a key ROK objective in the *Defense White Papers*. It is the goal of the *Defense Reform Plan 2020*. From the U.S. perspective, OPCON transfer is the best sign of self-reliance. If the ROK takes responsibility for wartime command, that indicates it is more self-reliant. That's not to say the U.S. is expecting the ROK to defend itself without U.S. assistance. But the U.S. is expecting the ROK to do more than it has done traditionally.

ROK Military Modernization & Defense Spending

If the ROK forces are stronger, they become a stronger deterrent. None of us wants war. We want to deter North Korea. And a stronger ROK military will help deter North Korea. That said, we hear a lot from the USFK (United States Forces Korea) about the strength of the ROK forces. And the ROK forces are particularly impressive. But there are a number of weaknesses in the ROK forces. For example, ROK pilots still fly F4 and F5 fighters. The U.S. took those out of the U.S. inventory 15-20 years ago. The ROK ground forces still use M48 tanks. The 48 indicates the year when those tanks were originally designed: 1948. The current M48 variant was initially acquired in the 1970s, but it is still an old model. As for the typical soldier, most of them have a personal vehicle with a GPS system in it. But, now many of them have GPS systems when they are on the battlefield. These systems are for locating where the soldiers are, identifying the enemy location, and coordinating with artillery and air support - all capabilities that are common for U.S.

soldiers but have generally not been provided to ROK soldiers. These are observations from the U.S. perspective.

As the U.S. sees the ROK military, it is impressed with ROK capabilities, but it is also concerned that more modernization is needed. ROK military modernization has been constrained as a function of the military budget. The U.S. was very encouraged by the *Defense Reform Plan 2020*, which projected increasing the annual military budget to almost 60 trillion won, in order to sustain and modernize of ROK forces. The United States thought that a budget increase was necessary for adequate modernization, and also in view of the reduction in personnel that was going to hit by 2020 because of ROK demographics.

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Between 2006 and 2020, the military was to get a total budget of 621 trillion won. Unfortunately, every year since 2006, the budget increase target has been missed. The worst difference is in 2010, this year. Instead of the originally intended 9.8% increase, about a 3% increase is expected. These shortfalls mean that, as of 2009, the ROK military would be getting 599 trillion won instead of 621 trillion. But as of 2010, that difference has expanded considerably. At this pace, my estimate is that the total budget over those 15 years would be no more than 540 to 580 trillion won - somewhere between a 40 and an 80 trillion won shortfall. You can buy a lot of military equipment for 40 to 80 trillion won. Said differently, 40 trillion won is more than this year's military budget by a third. That is a big difference. And Americans are sensitive to that. The United States is concerned that the ROK really does need to modernize its military.

ROK Military Personnel: Ensuring Size and Caliber

One of the reasons for the *Defense Reform Plan* is that the ROK military, which had 690,000 personnel on active duty in 2000-2002, will only have about 520,000 on active duty by 2020, a reduction of about a quarter of its military personnel because of demographics. There is not much the ROK can do about it. But the bigger shock will be by 2027. My estimate is that by 2027, the ROK military will be no more than 400,000 personnel. If the ROK military goes down to 400,000, and if you follow the same precedent of no major reductions to the ROK Navy and Air Force, the ROK Army would be about 270,000 personnel on active duty, less than half its size of 560,000 in 2000. Already by 2020, the ROK Army of 390,000 plans to reduce the active-duty divisions from 22 to 13. If the Army further reduces to 270,000 personnel, it might only have 6 or 7 active-duty divisions. The ROK security would be difficult to maintain at such a force level, regardless of the ROK Army equipment quality.

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Part of the problem with the ROK Army manpower is the reduction of the conscription period. The U.S. military community has expressed a great deal of concern about its European allies, who, after the Cold War, reduced their conscription periods in a similar manner. With the modern military equipment that the ROK is trying to acquire, a conscription period of 18 months, the target for 2014 and beyond, is not going to be

enough to master that equipment.

The ROK military also needs to have more non-commissioned officers (NCOs) and officers. *The ROK Defense Reform Plan 2020* recognized that. The National Assembly, in passing the *Defense Reform Act* in 2006, also recognized this need by requiring that each service have at least 40% officers and NCOs by 2020. The average NCO in the ROK military serves about 6 years, about four times as long as the average conscript. An NCO is someone who can develop a real specialty and capability with advanced weapons systems. But increasing NCOs takes money; NCOs are considerably more expensive than draftees.

I have read that the U.S. military in 2010 is scheduled to spend about 4 billion dollars on bonuses and benefits for enlistment and reenlistment, to recruit and retain high quality people. The ROK military has not started to use bonuses yet. But with the age group numbers declining, the ROK probably will have to start using bonuses by 2020. The ROK military will also likely have to increase salaries, as suggested by the basic principle of economics: supply and demand. There will not be a sufficient number of young people available to meet the needs of the military and other parts of the economy, likely driving salaries up.

In the United States, some are asking, "Why are we subsidizing the ROK economy? Why are we spending so much on American troops so that the ROK doesn't have to spend on theirs?" While this is a minority view, it appears to be one that is growing. By my estimate, between the troops the U.S. stations in Korea and the troops the U.S. would be prepared to send to Korea in wartime, the investment to recruit, train, and equip those forces each year is between about a hundred billion and a hundred and fifty billion dollars. With the ROK spending only about \$25 billion on defense each year, it is an issue of fairness that the ROK should increase its military budget; it will become increasingly an issue in the U.S.

The bottom line goes back to a pattern I noticed during the Roh administration. In 2005, the U.S. talked about reducing the U.S. military in Korea from 37,000 to 25,000. The Roh government made major complaints about that U.S. force reduction, while at the same time shrinking the ROK conscription period from 26 to 24 months. How is it that the ROK was secure reducing its own conscription period and thus manpower levels, but couldn't be secure if the U.S. forces were reduced? From an emotional perspective for the U.S., that was an unfair position. And if, each year, the ROK fails to meet its budget targets for its defense plan, there are many in America who will say, "If the ROK is secure not paying the budget planned for its military, can't the U.S. reduce the American commitment in Korea as well and the ROK will still be secure?" Such "fairness" is important for Americans.



Implications for OPCON Transfer

One of the major reasons why the U.S. agreed to wartime OPCON transfer was to encourage greater ROK military self-reliance: if the ROK commanded its own forces, it would need to be more responsible for ROK defense and build stronger military capabilities. From this perspective, most U.S. personnel are not very responsive to ROK arguments that the ROK military forces are not yet ready for OPCON transfer, given the ROK decisions over the last 5 years not to fund the ROK military as originally planned.

The United States would likely be more responsive to ROK concern about OPCON transfer if the ROK took a different approach. In the aftermath of the *Cheonan* sinking, ROK President Lee Myung-bak needs to announce 2010 and 2011 military budget increases and identify a number of military programs he will accelerate or add. If he does so, there would be a greater sense in the United States that the ROK was actively pursuing military self-reliance. The U.S. audiences would thereby be more likely to consider adjustments to OPCON transfer.

Koo Bon-Hak (Hallym University of Graduate Studies)



Many South Koreans demand the delay of OPCON transfer as agreed in 2007, especially since DPRK's second nuclear test in 2009. The argument against OPCON transfer in 2012 is gaining momentum in South Korea because the initial agreement was made under the presumption that the North Korean military threat was diminishing with progress in the Six Party Talks. This presumption turned out to be false. Experts from the United States have also demanded a delay of OPCON transfer. Michael O'Hanlon of the Brookings Institution claimed that the idea of each country commanding its own military units violates the basic principle of unity of command. Bruce Bechtol of the U.S. Marine Corps observed that the South Korean military was still heavily dependent on the U.S. military to deter and defeat the asymmetric North Korean threat. So those who argue for the postponement of the transfer, at least until after resolution of the North Korean nuclear issue, give multiple reasons.

First, South Korea is not ready to counter the asymmetric threat from North Korean WMDs, including nuclear weapons. Second, the Combined Forces Command (CFC) is a proven alliance structure that has worked for thirty years and hence should remain intact, instead of moving to an untested, separate command system between the two allies. Third, the idea of the transfer was based on dubious political considerations of national sovereignty by former President Roh and partly on the subsequent reaction by then Secretary of Defense Donald Rumsfeld. Fourth, the transfer, if implemented, would weaken the South Korean people's confidence in the U.S. commitment to the security of the South. They also argue that the

transfer is ill-timed because 2012 is an election year in both South Korea and the United States, and that there are increasing signs of instability in North Korea, which might lead to a sudden collapse of the Kim regime. Moreover, they claim that the North is preparing to be a "strong and prosperous country" (*Kangsung Taeguk*) by 2012, which marks the 100th birthday of Kim Il-Sung, with the possibility of staging a show of force.

U.S. defense officials have always praised the high quality of the ROK forces in terms of training and readiness. It is also true that the U.S. has expressed its hopes for the ROK to undertake more burden-sharing and acquire improved military hardware. An independent OPCON for the ROK would require improved combat capabilities in all services, particularly in missile defense. The ROK forces would need to build a state-of-the-art C4I (Command•Control•Communications•Computers, Intelligence) system and also acquire more sophisticated and expensive U.S. systems.

To ease the ROK's concerns, the U.S. promised to continue to provide bridging capabilities because the ROK forces will not be ready by the time of the transfer. Also, the U.S. will continue to provide extended deterrence against North Korea's WMD threats. General Sharp of the USFK said that the ROK's deterrence capabilities were sufficient to proceed with OPCON transfer as scheduled. Nevertheless, there are worries among South Koreans about their national security.

Reasons for Delaying OPCON Transfer

First, OPCON has been much misunderstood. When President Roh said he did not have the authority to control South Korea's military forces, that statement distorted the reality of OPCON. In case of war on the Korean peninsula, OPCON can be operated but the Presidents of the ROK and the U.S. must agree. If the ROK President does not give his consent, OPCON cannot be implemented.

Second, at the time of the initial agreement, North Korea already had launched its first nuclear test in 2006. In May, 2009, there was another nuclear test. South Korea and the U.S. did not consider seriously this nuclear threat when they agreed on OPCON transfer. The allies also underestimated the North's 600 scud missiles, 200 Nodong missiles, other short-range missiles like the KN02, the North Korean version of the Soviet SS21, long-range artillery deployed near the DMZ, and special operation forces that can easily penetrate into South Korea.

Third, OPCON transfer may seriously weaken the deterrence against North Korea. The current deterrence can be maintained by the CFC, the USFK and the TPFDD (Time-Phased Force & Deployment Data) in times of crisis on the peninsula. However, a large-scale U.S. support cannot be guaranteed after the dissolution of the CFC. Furthermore, the current heavy U.S. involvement in Iraq and Afghanistan may diminish the scale of U.S. support in a Korean contingency.

Fourth, OPCON transfer could restrict South Korea's intelligence capability. South Korea's monitoring and surveillance capability vis-à-vis the North is quite limited. And this capability will not improve much even after the Mid-term Defense Plan, which will be completed in 2012. The U.S. intelligence capability includes

the KH12 military satellite, DSP early-warning satellite, U2 surveillance aircraft, and Global Hawk UAV. South Korea may acquire some of these assets by 2012 depending on its economic situation.

Fifth, current ROK-U.S. military operational planning calls for the use of munitions and materiel pre-deployed at U.S. bases in the Pacific. These munitions and materiel may not be available for South Korea after OPCON transfer, which may cause a serious problem in a war against North Korea. Without the U.S. supplies, the South Korean army can wage a war for 90 days, the navy for 50 days, and the air force for only 15 days. That is a big problem. It is doubtful that South Korea will build an effective capability to deter North Korea by 2012.

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Economic Dimension of OPCON Transfer

As for the economic aspect of OPCON transfer, I would like to begin with South Korea's purchase of U.S. weapons systems. The ROK purchased over 3.7 billion dollars worth of American military weapons and equipment in 2007. The ROK was one of the top three purchasers of American weapons that year. The ROK government has requested that the U.S. government upgrade ROK's status as an arms purchaser to the NATO-plus-three category. This upgrade will establish a bigger dollar threshold for the requirement that the U.S. executive branch must notify the Congress of arms sales to the ROK: from 14 million dollars to 20 million dollars at a time. Congress will have 15 days to consider the sale. Normally, it takes 50 days for non-NATO allies. With the upgrade, the ROK can buy expensive and sophisticated weapons more easily.

The second is defense burden sharing. Since signing the Special Measurement Agreement (SMA) in 1991, the ROK government has financed a portion of the USFK. The size of the payment was decided by factors including the ROK government's financial capacity. Until 2008, the shared defense cost was divided into four categories: labor for the Korean contractors hired by the USFK, construction of non-combat military facilities, combined defense improvement projects (CDIP), and logistic service & material support. Currently, the total annual cost of the U.S. troops stationed in South Korea is more than 2 billion dollars. The South Korean direct financial contribution for 2007 was approximately 770 million dollars, or about 725 billion won. This is about 40% of the cost for maintaining U.S. forces in Korea. In recent ROK-U.S. military negotiations, Pentagon officials called for South Korea to increase its share to at least 50%. They stated that if South Korea does not increase its share, the DOD will make cuts in costs and/or U.S. personnel. A ROK-U.S. agreement in December, 2006, specified a ROK financial contribution of about 785 million dollars in 2008. In 2007 and 2008, the Korean government is estimated to have paid 725.5 billion won and 741.5 billion won, respectively. The Korean government's financial contribution for 2009-2013 was settled in December, 2008. The amount for 2009 was set at 760 billion won, which is 2.5% more than the previous year. It was also agreed that the amount for 2010-2013 would reflect the going rate of inflation.

The third is *Defense Reform 2020*. South Korea's *Mid-term Defense Plan* for 2007-2011, which is the first phase of *Defense Reform 2020*, calls for an independent capability by the time of the OPCON transfer in

2012. The plan contains preparations for acquiring major weapons systems such as the AWACS (Airborne Warning and Control System) by 2009. The ROK MND is developing its objective of acquiring sufficient capabilities to actively respond to national security threats, including possible threats from North Korea. However, even if the ROK acquires all weapons systems in accordance with the Mid-term Defense Plan, it may not secure sufficient deterrence capabilities by 2012.

Burden-Sharing

Maintaining a robust ROK-U.S. alliance is beneficial to both the ROK and the United States. This benefit cannot be measured just in dollar terms. The U.S. contributes to peace and stability on the Korean peninsula, which is necessary to guarantee South Korea's democracy and economic prosperity. In response, the ROK must play a more active role in maintaining global peace and security together with the United States. The ROK, as the 15th largest economy in the world, must increase its burden sharing of the USFK up to 50% from the current 40% level. Most South Koreans

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have the mistaken idea that the burden sharing is beneficial only for the U.S. However, almost 70% of the burden sharing returns to the South Korean economy, through either wages paid to the Korean contractors hired by the USFK or construction expenditures for USFK facilities. Thus, the ROK should consider increased burden sharing more positively. We must not forget that alliance is based on mutual confidence and that confidence is based on give and take. Finally, the OPCON transfer must be decided based on the security environment on the Korean peninsula and the ROK's deterrence capability against North Korea. Setting the timing of the OPCON transfer first before making efforts to build sufficient deterrence capabilities may cause a gap between goals and realities. Moreover, we must differentiate the ROK's combat capabilities from its deterrence capability. Deterrence is more important than victory at war. In order to retain a sufficient deterrence capability, the ROK-U.S. CFC and OPCON must be maintained until the North Korean nuclear issue is resolved and the North Korean political system becomes more democratic.

Choi Kang (Institute of Foreign Affairs and National Security)



We are in a state quite similar to 1970-1974. When the U.S. announced the Nixon Doctrine and the plan to withdraw the 7th Division from Korea, that actually began the ROK's force improvement plan. And, of course, the origin of "self-reliant defense" can be traced all the way back to the 1970s when President Park Chung Hee announced plans to become more self-reliant. Special taxes were levied for defense improvement programs. Also, people from the private sector donated money for the nation's defense. We cannot do the same at this stage. However, we are doing the best we can, as Doctor Koo said.

Doctor Koo's last point is critical. We have to think about the psychological effect as well, not just political and economic. We cannot measure the psychological effect and the cost of such change in a tangible way. Such change may ignite fear of abandonment or fear of entrapment. Of course, we will do our best to realize the Koreanization of Korea's defense. But the *Defense Reform Plan 2020* was overambitious. The Roh administration packed everything the military wanted into one document. And I looked at, for example, this new model of combat vehicles. But if the efficiency of the tanks were to become twice what it is now, why do we need to maintain the same number of them? Why not just half? The military officials could not answer my question. I don't know how to scientifically rationalize those numbers.

The *Defense Reform Plan 2020* was overambitious. The Roh administration packed everything the military wanted into one document.

The second point is that we have not thought about the way North Korea presents a threat to us. Over the years, we have talked about the changing mode of deployment, missile attack, long-range artillery, etc. But the way North Korea wages war will become different. The basic assumption of our war plan must change. Based upon our war plan, we have to think about new force structures and strategies. But I don't think we have come up with an assessment of North Korea's nuclear strategy or its military strategy. If this is the case, our defense improvement program should adjust to this new reality.

We have not done that yet. I have asked my colleagues at the Pentagon whether they have conducted research on these matters, and the answer was no. It is impossible to ascertain the facts. I think the asymmetrical threat from North Korea is a new one and that we have not included this aspect into our force improvement program. So, there is another element we have to think about when we modernize our forces. Another assumption that is quite wrong is the growth rate of the South Korean economy. When we drafted the defense reform plan 2020, our assumption was that South Korea would grow 6.8% annually, and a 9.8 or 9.9% annual increase in the defense budget was the plan. But last year, South Korea grew 4.2%. So I don't know if we can meet the 6.8% annual growth rate. This year, the Bank of Korea forecasts about a 4.8 to 5% growth. The economy is not in good shape now. We are just recovering from the financial crisis of 2008.

Also, the defense budget cannot be an exception in the government budget. We have a mid-term budget plan; it was issued by the Ministry of Strategy and Finance. Each ministry should abide by the guidelines set by the Ministry of Strategy and Finance. But the Lee Myung Bak administration made an exception by increasing the defense budget in order to meet the deadline for OPCON transfer. So, the ROK will do its best to honor the commitment it made to the U.S. But as I said, reality constraints us. Moreover, the defense budget was won-based, not dollar-based; as the exchange rate changes, so can the defense modernization project.

We are entering a new phase of this re-adjustment plan. If you review the defense reform basic plan, you will notice that they cut down the numbers and may have postponed the date from 2020 to 2025. This may be the only way the ROK can meet all the requirements. I do not want to return to the politics of the OPCON transfer decision. It is a very controversial issue. I was with KIDA (Korea Institute of Defense Analyses) at the time, and we assessed the decision. We cannot deny that it was rather politically motivated and that the military reality was a minor factor.

We are facing a diversification of the North Korean threat. We have to share the responsibility with the United States regionally as well as globally. Determining how we can contribute to U.S. security is integral to resolving the burden sharing issue between the two countries. We should abide by the schedule we agreed on. We have already completed an initial assessment of our capability, and we feel we are in good shape. Early next year, a full operational capability assessment will likely be conducted. What kind of military strategy we are encountering on the Korean peninsula should be critical in estimating full operational capability. I think there is some misunderstanding that the ROK is deliberately delaying the transfer because it does not want to spend money, but we are actually doing our best in our force modernization program. I usually divide the military into three parts: hardware, software and human-ware. Human-ware is the most difficult part to acquire. We can acquire aircraft, vessels and tanks in time as needed. But we need human-ware to run the system. C4ISR (Command • Control • Communications • Computers, Intelligence, Surveillance and Reconnaissance) requires very skilled personnel. But the personnel can get better jobs in the private sector. Keeping them in the military requires finding a solution. This is very challenging for us. "We need you because your country needs you": we cannot use this kind of slogan anymore. We have to give them opportunities – at colleges, we can offer fellowships, for example. Maybe, we can allocate that kind of budget in another sector but not in the defense sector. If it is possible to use indirect ways to supplement the defense budget, we should think about them.

There is some misunderstanding that the ROK is deliberately delaying the transfer because it does not want to spend money, but we are actually doing our best in our force modernization program.

We do not have any intention to do any less than we are supposed to do. We will do our best. We are doing our best. That said, we have not done our homework yet. I think this is time for us to do our homework: strength assessment, and exact numbers and figures. The last thing I would like to point out is the command structure. We have not agreed on a command structure – an efficient and reliable command

structure that can replace the CFC. Moreover, we have not clarified what kinds of bridging capabilities we should have in place to securely manage the transition period.

Chun Chaesung (Seoul National University)



I would like to make four major points. The first is that we still have the Roh administration's paradigm of reform when it comes to OPCON transfer and strategic flexibility of the USFK. Does the current Lee administration have a master plan for defense reform? If it does, it has not yet presented one.

The second is that the Roh defense reform plan is a coherent package, not just a hodge-podge of different items such as ideology, policies towards U.S. and North Korea, regional and global security strategy, and domestic politics. So, we cannot change one part of it without changing the whole package. If we want to change the timing of OPCON transfer, we have to think about the whole package.

The third is that there are some changes in the general direction of the Lee administration's foreign policy. So, if the current administration wants coordination between its foreign policy and defense reform, then it should review the entire defense reform plan. I am not necessarily suggesting that there should be changes to the Roh plan; they may want to continue the Roh defense reform, but there should be some efforts at a bottom-up review.

The fourth is that whether or not we want to postpone the timing of OPCON transfer is a political decision. It was a political decision in 2007 as the other panelists already pointed out. So if they want to change the timing, they should consider not just the military logic but also non-military factors.

What I think is the most important is the ROK-U.S. cooperation after 2012. We have two years before we transfer OPCON. But cooperation after 2012 until 2020, or 2030, is more important than whether or not we follow the current schedule. Without mutual trust between the ROK and the U.S., there will be problems regardless of the OPCON transfer issue. The following is an elaboration of each of these four points.

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Four Aspects of OPCON Transfer

The first is the paradigm of the Roh reform. There was a defense reform in 2005 and, in 2006, a U.S. decision that there should be some strategic flexibility for the USFK. The OPCON transfer decision which followed in 2007 was composed of several points. First, there was the ideology; the Roh administration had

a progressive agenda and its defense reform reflected such a political orientation. Second, in terms of North Korea policy, the assumption was to rely on negotiations to dismantle North Korea's nuclear programs. They inherited the Sunshine Policy of the Kim Dae Jung administration, and wanted to make an issue out of "South Korea's sovereignty" by negotiating the OPCON transfer with the United States. It was a political decision vis-à-vis North Korea. They wanted to have "equal" relations with the U.S., which reminds me of Japanese Prime Minister Hatoyama's recent efforts. The Roh administration wanted to limit ROK-U.S. military cooperation to the Korean peninsula; they did not want force projection beyond the peninsula to East Asia or around the globe. Even though they dispatched troops to Iraq and Afghanistan, they did this only out of necessity, namely to obtain U.S. cooperation in dealing with North Korea. It was a tactical trade-off and not a decision based on an autonomous global strategy of the ROK.

As for current problems, I agree with Dr. Bennett that these include the delay of the ROK defense reform, insufficient financial support, shortened military service, the downsizing of the military personnel, and so on. The defense reform plan of last year had many critics from both the conservative and progressive camps, because it cut financial support for defense reform, while placing too much emphasis on the navy and the air force at the expense of the army. Buying new technology was also postponed. But the main problem is that this administration, as well as the opposition party, did not want to have a bottom-up review of the entire defense plan based upon a thorough evaluation of security threats. The security environment is changing rapidly, but they did not do a proper job of reflecting such changes. Moreover, the defense reform plan was to be reviewed every three years, but I am not sure what the National Assembly is doing. There were some signs that public opinion favored a new debate on whether to postpone the timing of the OPCON transfer. I think if we restart this debate, it will not be framed in terms of the overall defense strategy. Rather, people will ask whether or not this government has simply inherited the Roh defense reform plan. That is, we will simply repeat the debate on whether we are over-dependent on the ideologically charged U.S. or not. This is not good. We have to correctly define the problem and then inform the public accordingly.

The Roh administration could not anticipate changes in the security environment not because of insufficient capability but because of the opaque changes inside North Korea. We may see the rise of a new leader after Kim Jong-Il and perhaps even internal power struggle. In the future, inter-Korean relations will be conducted by Kim Jong-Un and our next President after Lee Myung Bak. So, we need to study how we can sustain a stable relationship between two new leaders and how to normalize North Korea so as to reduce the nuclear threat. Furthermore, we must clearly understand the Northeast Asian security environment with the rise of China, Japan's "normalization" and so on. With all these big changes, we have to devise a new defense plan that can effectively support



South Korea's foreign policy.

As Dr. Bennett said, we also see some changes in America's military strategy. We are hearing new concepts, such as "hybrid war" and "rebalancing". We now see a more balanced strategy between conventional and nuclear war, and between terrorism and interstate relations than during the Bush administration. So, the ROK has to adjust to this American strategy, which means we must rebalance ourselves as well. Also, with new economic realities, such as the current financial crisis, we have to devise a new defense plan.

So, what will be the future of the ROK defense? The current Lee administration talks about a new diplomatic strategy, but I don't see a new master plan for defense. Even as we are debating the OPCON transfer, we just witnessed the tragic sinking of *Cheonan*, which perhaps reveals the true state of our military intelligence capability and military preparedness. So now, we realize there are some latent problems in our military. But we do not have a new base plan. We could inherit the Roh defense plan or could devise a whole new one. However, we do aspire to a new diplomatic and security strategy. We are changing our strategic focus from self-reliance to a broader network strategy covering East Asia and the globe; we want to be a global Korea.

We are also seeing major changes in inter-Korean relations. We have switched from the Sunshine Policy to a more principled engagement policy. In our relationship with the United States, we have switched our focus from equal partnership to a "twenty-first century type strategic alliance". So, with these changes in diplomatic and security strategies, we also need a defense strategy that can support such changes. So there are major changes taking place in North Korea and also in South Korea's domestic politics. There are economic pressures due to the financial crisis.

There are also the problems with the South Korean public's perception of security. Because security is like the air we breathe, the public takes it for granted and have no sensitivity to security issues. But there are very dynamic debates, on and off-line, about South Korea's defense strategy. We need a public that is informed and knowledgeable. There is a serious debate about the so-called American decline since the financial crisis, the rise of G2, and the changes in global governance from hegemony to G2.

Dr. Bennett talked about fairness, which is a very important point. The concept of fairness itself in ROK-U.S. military alliance is changing. The asymmetry between the ROK and the U.S. is changing because of the changes in U.S. power after the Cold War, September 11 and the global financial crisis. These changes are affecting the relative status of the United States in the alliance, and we need a new understanding of our partnership with the United States. Maybe, we should do more because the ROK's status in the global community is rising while the American power is declining relatively. Maybe, this is not the case. In either case, we need to seek a new understanding of "fairness" between the two countries.

Lastly, if you look back on the major moments of defense reform, they were triggered by events like the Vietnam War or the end of the Cold War. But now, we have to devise a plan preemptively, in anticipation of major

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events, based upon a common strategy between the two countries. The political economy and the timetable of the OPCON transfer are important, but what is more important is how to devise the future ROK-U.S. cooperation after the OPCON transfer. Moreover, there is also the cultural factor, as South Korea becomes a very dynamic democracy and public perception of the U.S. continues to undergo change. What are the major security threats? What does the U.S. mean to us? Answers to such questions are constantly changing. And we need to do something about this.

The South Korean army has never waged a major modern war alone. I think we did a good job in the Korean War and so on, but if we want to implement a real OPCON transfer as an autonomous army, we have to raise the level of our military preparedness.

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Q & A

Question: You mentioned the need for skilled soldiers and that 18 months is not sufficient. This is a political issue. In elections, nobody will vote for candidates who propose extending the conscription period. That's why we now pay talented soldiers to serve an extra ten months. Also as Korea's economy develops, there is an increase in demand for welfare, including demand for better living conditions for soldiers. How do we allocate the limited resources?

Bruce Bennett: The ROK is certainly free to make political decisions. But if it decides to shorten the conscription period, it should then make the investments necessary to sustain ROK national security. That is, if the ROK allows the conscription period to fall from 22 months to 18 months, the ROK military would lose some 50,000 conscripts in 2014. The "salaried volunteer" program that you mention is only scheduled to add about 14,000 personnel by 2014. You could make up the difference by recruiting and retaining an extra 36,000 or so NCOs by 2014. At current salary levels, the extra NCOs would cost close to 1 trillion won per year, but of course the increased demand for NCOs would undoubtedly increase the costs to acquire these NCOs.

The United States is familiar with the increasing demand for welfare. For example, the U.S. is spending lots of money on military healthcare: about \$50 billion on military healthcare in 2010, roughly double the entire ROK military budget. Social services can be expensive. But as Americans watch, Korean defense expenditure is not rising as rapidly as the ROK GDP. Given the magnitude of the North Korean threat, the ROK expenditures on the military appear to have been inappropriately sacrificed for welfare issues. To deter North Korea from engaging in provocative behavior, the ROK defense budget will inevitably have to go up.

Question: You mentioned raising South Korea's burden sharing of USFK from 40% to 50%. Is 50% optimal? And what is the appropriate timeframe?

Koo Bon-Hak: 50% was what the U.S. requested. I think we can afford that. We have already agreed on burden sharing for 2013. We can negotiate for post-2013.

Question: From a European point of view, the question is why the timeline for OPCON transfer is not responsive to positive possibilities in inter-Korean relations. Also, as far as I understand, U.S. troops in Iraq are supposed to be withdrawn next year. So, Dr. Bennett's argument about overextension will only hold until this year.

Bruce Bennett: The *Cheonan* sinking suggests the answer to your first question - all the positive developments that have occurred for years have not deterred North Korean aggressiveness and provocations. North Korea appears to be acting more because of internal instability, looking for ways to hurt the ROK. Better ROK military preparation will help overcome this North Korean behavior. Yes, if the Iraq War is over, the U.S. burden will become less. But even when the U.S. combat troops leave Iraq, there will still be U.S. troops in Iraq for training Iraqi forces. The United States has started to look at conflict differently. It now believes that any conflict will require troop commitments for years, rather than months, and thus require a rotation base for troops to have time at home. Given the U.S. planning factors, the United States thinks that only about one-third of US Army forces would be available for all U.S. commitments at any time in the future, not 100 percent as planned for major wars in the past. Thus, the United States will only have about three U.S. Army divisions (out of 10 total) available for Iraq, Afghanistan, and Korea even after Iraq commitments are reduced. That is much less than the force level discussed in the ROK Defense White Paper, which expects 690,000 US military personnel to support any conflict in Korea.

Question: You are pessimistic about Korea's capacity in terms of human resources. But it appears that the demand for workforce is low enough today that we can have a large supply of people for the military.

Bruce Bennett: The current Korean workforce does not pose a problem, as you suggest. But Korea now has the lowest or the second lowest birth rate in the world. It takes 20 years for that low birthrate to affect the available conscripts. The decline in the birthrate became significant around 1980, so the ROK is seeing the initial implications of a smaller number of young people being available. The Korean military is still 70-73% conscript. As the number of available young conscripts or volunteers goes down, the youth labor pool will also shrink, creating pressure on firms to increase the pay for young people so that they can get the best candidates. The ROK military is scheduled to decline from about 650,00 personnel today to about 520,000 in 2020, just 10 years from now. And those reductions will continue well past 2020. So today would actually be an ideal time to recruit a larger group of NCOs, some of whom would serve for 20 or more years and help offset the coming demographic crisis.

Biographies

Bruce W. Bennett is the research leader for strategy, force planning, and counter-proliferation within the RAND Corporation's International Security and Defense Policy Center. He received his Ph.D. in policy analysis from the Pardee RAND Graduate School. He is an expert in Northeast Asian military issues, and his research has addressed issues such as future ROK military force requirements, the Korean military balance, counters to North Korean chemical and biological weapon threats in Korea and Japan, North Korean contingency, and nuclear deterrence. He has worked with the Office of Secretary of Defense, the Defense Threat Reduction Agency, US Forces Korea and Japan, the US Pacific Command and Central Command, the militaries of the ROK and Japan, and the ROK National Assembly.

Choi Kang is a professor and the Director-General of American studies at the Institute of Foreign Affairs and National Security (IFANS), Ministry of Foreign Affairs and Trade, ROK. He received his Ph.D. from Ohio State University. He has completed more than sixty research projects on arms control, the ROK-US security alliance, and crisis/consequence management including pol-mil games and published numerous articles. He served as the South Korean delegate in the Four-Party Talks and currently holds advisory posts for the National Assembly, the Ministry of National Defense, and the Committee on Foreign Affairs, Trade, and Unification, ROK.

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