Military Privatization in South Korea*

Tae-Hyung Kim

Abstract

Over the past decade, global trends toward privatization have reached the national security arena, which had generally been considered a monopolized realm of the state. After reviewing this trend and controversies surrounding military outsourcing around the world, especially in the United States, where it is no longer possible for any large-scale military intervention without a major involvement of Private Military Companies (PMCs), this paper assesses the trend of military privatization in South Korea, a country marked by intense Cold War tension for more than 50 years. The South Korean military is in transition from a manpower-oriented, quantitative force structure to an intelligence and knowledge-oriented, technology-intensive force structure. Given the constraints in financial resources, outsourcing is suggested as key to transform the South Korean military in the 21st century security environment. Following lessons and controversies of the activities of American PMCs, this paper focuses on the relationship between military privatization and cost-effectiveness, reliability, monitoring and oversight, and the future of the South Korean military.

The paper concludes by providing some perspectives on South Korea’s military privatization and its policy implications. Outsourcing efforts are gaining irreversible momentum in South Korea. Most participants share a consensus that military privatization is an inevitable and inescapable phenomenon. There are, however, some reservations and concerns regarding the prospect of cost-effectiveness, the reliability of private firms during wartime, monitoring and oversight, and career uncertainty for military officers. However, military privatization in South Korea is still in its infancy. Strictly speaking, the outsourcing of military tasks has not yet taken place.
Introduction

To many, the war in Iraq is an eye-opening example of the conduct of war, an activity previously envisioned as being planned and performed exclusively by the state. In Iraq, private contractors have been seen everywhere: acting as bodyguards for key officials, providing logistics to the coalition army, and more. The recent controversy surrounding the killing of Iraqi civilians by the Blackwater employees is a prime example of the complications arising from the deep involvement of private contractors in this war. Certainly, the Iraq war is not the first time that war efforts have been outsourced by government to private companies. Yet the numbers of contractors and the more critical roles they have assumed in warfare have led people to question whether the Weberian maxim of the state’s monopoly on the legitimate use of physical force is still an accepted norm.

The trend toward military privatization has been fast and widespread. Hardly any state, large or small, weak or strong, has been able to avoid this powerful international trend. Many political scientists, military strategists and policymakers seek to understand both the reasons for and consequences of this sudden surge of military privatization. However, given the magnitude of the privatization of military activity in the modern security arena, scholarly evaluations and analyses lag well behind the actual advancement of the trend. Hoping to fill a gap, this paper assesses the recent trend toward military privatization in South Korea, a country marked by high Cold War tension for more than half a century.

First, it examines the global trend toward military privatization, focusing on the case of the United States, which is highly dependent upon military outsourcing for its wars in Iraq and Afghanistan. Then, it looks at South Korea, where the military privatization process is an integral part of the nation’s national defense reform project. The paper concludes by providing some perspectives on South Korea’s military privatization and its policy implications.

* This article is based on a paper presented at the Annual Conference of the International Studies Association (ISA) in Chicago, IL, on March 3, 2007
Military Privatization in Action: “Outsourcing War?”

The private sector\(^1\) has taken on military jobs throughout history, as is shown, for example, by the widespread use of mercenaries during the Middle Ages. A firm belief that military force belongs exclusively in the public sector of a state has flourished since the establishment of the modern nation-state in the 17th century. Nonetheless, private ventures in warfare have continued to be active as supplementary or state-designated entities.\(^2\) The recent resurgence of military privatization\(^3\) is, however, quite surprising in its speed and scope.

Peter Singer summarizes the reasons for the surge of military privatization since the 1990s.\(^4\) The first reason behind the sudden increase is the end of the Cold War. The post-Cold War period forced military downsizing around the world but also led to a variety of conflicts. Personnel released from the military soon filled the need to engage in these new conflicts with widely available weapons, a case of classic supply/demand economics. The second reason is the transformation of warfare\(^5\) that has diversified the actors engaging in combat, increased the demand for high-tech skills due to the Revolution in Military Affairs (RMA), and blurred the lines between what soldiers do and what civilians do. Finally, the power of privatization has been in full swing since the early 1980s, realizing the privatization of military forces.


\(^{3}\) This follows Avant’s definition of privatization, which is “decisions to devolve delivery or financing of services to private entities.” Avant, *The Market for Force*, p. 26. Those private entities that deliver or finance services formerly done by the military are termed Private Military Firms (PMFs), Private Military Companies (PMCs), or Private Security Companies (PSCs). Hereafter, I use PMCs for the simple reason that the South Korean military uses that term.

\(^{4}\) Singer, *Corporate Warriors*, pp. 49–70. Also see Avant, ibid., pp. 30–38.

\(^{5}\) For example, see Martin van Creveld, *The Transformation of War* (New York: The Free Press, 1991).
In the case of the United States, the 1985 Defense Appropriation Law paved the way for the creation of the Logistical Civil Augmentation Program (LOGCAP) in 1992, which has dramatically expanded Pentagon contracts with private firms for logistical support. Under the Bush Administration, former Secretary of Defense Donald Rumsfeld once claimed, “the Army should focus on what it does best and contract out the rest.” In addition, contracting jumped significantly due to U.S. involvement in the wars in Iraq and Afghanistan. Currently, there are 100,000 civilian contractors in Iraq (not counting subcontractors), only slightly less than the entire American military deployment there. The Pentagon’s Quadrennial Defense Review (QDR) now considers assistance from private contractors and their active engagement to be an integral part of American military strength. According to Singer, private contracts are so essential that “U.S. military planners no longer envisage the possibility of a large-scale intervention without (B & R).”

The PMCs, as profit-motivated industries, are primarily responsible to their shareholders and quickly responsive to market incentives. According to proponents of privatization, these different incentives and motivations give PMCs tremendous advantages over the state. The proponents of military outsourcing argue that using private companies is beneficial because of their ability to move quickly in and out, their

---

more advanced skills and technologies relative to their military counterparts, and their ability to decrease political costs.\footnote{Avant, “The Privatization of Security,” pp. 331–32.}

**Controversies Surrounding Military Privatization**

Despite these alleged advantages, however, the practice of using contractors to replace armies in military operations has met with a storm of criticism. First, there is a deep divide between the goals of the client state and the contractors.\footnote{Singer, *Corporate Warriors*, pp. 151–68. Also see Singer, “Outsourcing War,” *Foreign Affairs*, Vol. 84 (March/April 2005), p. 124.} The client intends to accomplish its national security objectives by hiring the PMCs, yet the firms primarily work to maximize profits. Often, the interests of the two sides do not coincide. Consciously or unconsciously, PMCs might perform their jobs based on private benefits rather than national interests. One of the biggest problems linked with the war profiteering propensity of the PMCs is reliability. Since they are outside the military chain of command and their main motivation is different from the state’s, the state may not be able to count on them when it critically needs their services. “Especially once bullets begin to fly,”\footnote{Avant, “The Privatization of Security,” p. 336.} they may lose interest in fighting hard. Even when their activities are not directly involved with battle, these firms might abandon their clients due to a contract dispute.\footnote{Singer, *Corporate Warriors*, p. 160.} Equally troublesome instances of unreliability are found in cases in which a state depends so much on PMC agents that it loses proper control over its own military and national security strategy.\footnote{This often happens when weak states such as Papua New Guinea hire private contractors, ibid., pp. 164–66.}

A second problem is that one of the most popular arguments for military privatization, that outsourcing saves money, is questionable. As shown by Avant in the example of ROTC privatization, the cost to deliver the same service by a private firm can be higher than when done by the government.\footnote{Avant, *The Market for Force*, p. 117.} Avant further argues that two conditions
must be met for hiring private contractors to be cost-effective: open competition and contractor flexibility. Yet competition and flexibility are often impeded by government anxiety, interference, and incompetence.\textsuperscript{19} Moreover, open competition has been limited, since many lucrative contracts are awarded to firms that have political connections.\textsuperscript{20} According to a \textit{New York Times} report, the top-20 service contractors have spent $300 million dollars on lobbying since 2000 and donated $23 million for political campaigns, thus winning contracts even though they are not necessarily the best for the jobs. Particularly regarding the War on Iraq, the Army has spent 25 percent more than it had to because 46 of 57 contracts had no competition at all.\textsuperscript{21} In addition, hiring contractors in war zones can be more expensive. For example, in Iraq private contractors for PMCs make $1,000/day, two to four times more than enlisted men doing the same job. This can be dangerously detrimental to the army’s morale.\textsuperscript{22}

Third, due to the way contracts are made and the way employees of the PMCs are recruited, it is hard to make them accountable for their actions.\textsuperscript{23} There are few legal techniques (under either domestic or international law) or procedural methods to bind them within acceptable international norms and values.\textsuperscript{24} The 1989 UN Convention on Mercenaries has been nearly useless for control of the dynamic activities of these firms around the world, because there are so many loopholes and ambiguous definitions. Thus, the contractors often occupy legal gray areas and operate outside the law.\textsuperscript{25} Due to the gold rush effects of the proliferation of PMCs, the screening process for new recruits has been poor and many with questionable criminal backgrounds have been hired. The result is, therefore, that contractors have

\textsuperscript{19} Ibid., p. 117; and Avant, “Mercenaries,” p. 22.
\textsuperscript{21} Shane and Nixon, “In Washington.”
often committed abuses and often get away with them. After the killing of 17 civilians by the guards of Blackwater, the public was shocked and outraged to find out that there was little the Iraqi government could do to the individuals responsible due to legal restrictions imposed by the American authorities. The U.S. State Department’s admission to granting immunity to the Blackwater employees has also caused widespread criticism. After investigation of the incident, the Iraqi government has tightened requirements for foreign private security companies, including tougher licensing and an end of immunity. The U.S. government has also moved to tighten its grip over those companies by putting them under direct military control. However, it remains to be seen how effective these changes will be.

Fourth, the lack of accountability has been exacerbated by the lack of oversight from Congress and the public. The process of contracting falls exclusively within the domain of the executive body, effectively alienating Congress. The lack of information takes the oversight function away from Congress and ultimately makes the PMC actions less accountable. The consequences are severe and damaging. First, the process directly challenges the democratic structure of governance by empowering the executive over the legislature and reduces transparency and accountability. It will eventually shift the balance of power regarding political control of force, giving too much power to the exec-

utive. Second, the practice enables and even emboldens governments to become engaged in various conflicts, including those that may be morally questionable, without worrying about domestic political costs. Even the Pentagon, which is the only organization within the government available to monitor the activities of the PMCs, has not been very impressive in performing its job, thanks to the lack of sufficient personnel and resources, as well as the active lobbies on behalf of the PMCs.

Finally, the future identity and role of the military are in question. Although the American military is supposed to outsource only non-“emergency-essential support” functions, the reality is that the private contractors have been widely engaged in such core missions of the military as operation planning and combat implementation. The blurred line between what the military is inherently expected to do and what civilians are supposed to do could be threatening to the morale and pride of military personnel. In addition, the military has to fight a tough battle on recruiting and maintaining qualified personnel in competition with the PMCs, which provide higher-paid jobs than the public sector. As Singer notes, when citizens see military personnel leaving public service for higher salaries yet performing similar jobs, their deep respect for the uniformed men and women could be jeopardized.

---

34 Singer, *Corporate Warriors*, pp. 162–63. “American military doctrine says private contractors should not be given “mission criteria” work, nor should they work in combat zones,” yet this principle has already been broken. In “Dangerous Work.”
Besides, the frenzy of outsourcing could lead the military to neglect the investment of time and energy needed for improvement and innovation: as Avant argues, “The private option enables U.S. government officials to forgo investment in (or reorganization of) military forces for new problems—using PSCs one time makes it more likely that they will be used in the future.”36 Military personnel may not even be able to perform basic tasks, if these have been outsourced for various reasons,37 thus threatening the core of future military performance. Despite these criticisms, the speed of privatization is not likely to slow down anytime soon.

The Development of South Korea’s Military Privatization

This paper now turns to military privatization in South Korea and explore whether the debates discussed above provide any lessons for the process in South Korea. It will focus on cost-effectiveness, reliability, oversight and monitoring, and the military’s future in South Korea. The question of accountability will be omitted, since South Korea’s outsourcing is confined to its national territory and there is little prospect of being engaged in an “outsourcing war.” Since the South Korean military’s outsourcing focus is mainly in logistics, this paper will deal primarily with the military support aspect (following Singer’s typology of the privatized military industry), but without ignoring the military provider aspect and military consulting aspect.38 This paper will explain the trend of military privatization in South Korea and provide some perspective on it. However, it will not examine its consequences, since this is quite a fledgling business in South Korea.

The South Korean military is in transition. Its unique security environment, mainly attributable to the decades-old threat from North Korea and the strong bilateral alliance structure with the United States to deter it, has permitted South Korea to keep its military centered on

37 Singer, Corporate Warriors, p. 163.
38 Ibid., pp. 88–100.
large ground forces and oriented toward quantity of forces for more than 50 years. The changing security environment and rapid shifts in modern warfare, such as high-tech combat capability, have now forced South Korea to adjust to new circumstances with a completely new strategic vision and force structure.

Demands for drastic reform of an outdated force structure and an inefficient and expensive management system are not something new. Reform efforts in the 1980s and 1990s, however, were slow and ineffective due to lack of will among leaders, conflicts of interests among different services, lack of sufficient budget, North Korea’s constant threat, few plans based on actual reality, little consensus among the parties concerned, strong opposition inside and outside the military, etc. One important reason for the delay of reform has been the role and power of the military in South Korean politics and society. Not until the late 1980s did South Korea start the democratic transition from its three-decade-old military rule, and not until the mid-1990s was the South Korean military under firm civilian control. Thus, military reform has been a hot potato for Korean policymakers; something many recognize should be done but few are willing to carry out. Even after the establishment of civilian control of the military in the 1990s, the Kim Dae-jung administration’s defense reform efforts were hampered by the Asian financial crisis in the late 1990s, which severely constrained financial resources for active promotion of reforms.

In 2003, under the current Roh Administration, the Defense Innovation Planning Committee under the Ministry of National Defense (MND) finally produced the fruit of years of study and discussion, titled Visions and Measures for ROK Military Innovation. This report particularly emphasizes that the distinction between military and civilian

---


40 Author’s interview with a retired senior Air Force officer in January 2007.
sectors has been blurred, that the civilian sector’s development and innovation is faster than its military counterpart, and that civilian expertise and knowledge are necessary to prepare for future warfare, such as cyber warfare. Thus, the military must consider actively utilizing private sectors that possess comparative advantages over the military. It further suggests actively outsourcing non-core elements as a way of constructing a low-cost, high-efficiency logistics and management system.41

The Korea Institute of Defense Analysis (KIDA), a think tank of the MND, has been the most vigorous and visible supporter of outsourcing, through the sponsorship of workshops and seminars and the publication of various articles and books42 that encourage speeding up defense reform and outsourcing. A key to transforming the military into an elite force in the information technology age is to utilize civilian personnel and resources, according to many KIDA researchers. Outsourcing has been suggested as a key component. Since an increase in the military budget is highly unlikely, outsourcing would be the only available option to achieve the goal. Currently, civilian personnel in the defense structure are few and their role is merely secondary and supplementary. Their low status and the neglect of their potential expertise further hamper utilization of the know-how of the private sector.43 Although these problems have been acknowledged and ways to improve conditions for better use of civilian sectors have been suggest-

43 Cho, et al., The Vision and Policy Direction, p. 35.
ed, the result has been minimal because of the military’s tendency to be exclusive, lack of consensus among the concerned parties, little incentive for civilians, and strong resistance from the military.44

Active utilization of civilian personnel and outsourcing45 are expected to bring, the argument goes, firmer civilian control of the military, specialized knowledge and skills, economic efficiency, and the absorption of veterans looking for a job.46 Since the comprehensive reform of national defense will cause a significant reduction of conscripted soldiers, who constitute an absolute majority of manpower in the Korean military, it will inevitably increase the number of civilian employees and the level of reliance on civilian personnel in non-combat areas. This will also allow the military to concentrate on operations and combat.47 Besides, military officers rotate their positions every year or so, making it extremely hard for them to acquire the necessary expertise.48 The process of outsourcing and hiring civilian personnel should be gradual and piecemeal, starting in areas or posts where resistance and impact would be expected to be the least. These areas will include posts where the military personnel’s presence is not necessary, where civilians possess a clear comparative advantage in cost and efficiency, or where job consistency is required, and some core military missions that are inefficient and less critical (in this case, reform would be slow and gradual).49

---

45 There are two ways to use the civilian work force; one is outsourcing and the other is direct hiring for posts in the military.
48 Based on the author’s interviews in July 2006 and January 2007.
Defense Reform 2020

The result of vigorous advocacy by various policy-support groups (including KIDA) and the military’s own urgent necessity is Defense Reform 2020, a comprehensive national defense reform program energetically promoted by the current government. By citing such criticisms of the current force structure as financial constraints, consistent retention of a quantity-centered force structure, inefficient management, etc., the Report provides the rationale for revolutionary force modernization and a defense reform program.

To transform the “manpower-oriented, quantitative force structure to intelligence and knowledge-oriented, technology-intensive force structure,” the report argues that it is imperative to reduce the overall force size, especially the ground forces. It is planned to reduce total manpower from 681,000 in 2005 to 500,000 by 2020. In particular, the army is to be reduced from 548,000 to 371,000 in the same period, while there will be little change in the other services. To improve overall combat capability while reducing the force-size—in other words, to build a smaller but more “advanced, elite, and strong force of the 21st century”—it is essential to prioritize funding to enhance mobility and precision-strike capability. Since there is pressure from the Korean public to decrease the defense budget, it is not surprising that the solution to a more secure budget would be to outsource several military tasks to civilians. Acquiring a highly efficient but low-cost defense management system is one of the four key elements of success in the Defense Reform 2020 project, again reflecting criticisms and policy advice from...
various expert groups and task forces. Since one of the reasons for past failures of defense reform, including aggressive outsourcing, is the lack of a master plan designed by the MND, the 2020 is expected to provide a critical momentum shift not only in policy but also in the mindset of military personnel.54

In order to develop a defense management system with high efficiency and low cost, the MND has conducted such drastic organizational changes as the creation of the Headquarters for Innovation and Planning in 2005. More ambitiously, the report argues that a key to substantially increased efficiency in defense management is aggressive reform, and massive outsourcing is a key to achieve the goal:

To provide high quality combat service support and also to allow active servicemen to concentrate on combat and operation missions, outsourcing of combat service support will be expanded on a massive scale. The 29 units related to supply, management and welfare of each service will be designated as organizations in charge of their own management innovations. According to their outcome, some of their jobs will be commissioned to private companies. In addition, works of 39 units related to facility management, vehicle maintenance, laundry and welfare facilities will be transferred from active servicemen to civilian personnel or businesses.55

To implement the policy of outsourcing the MND, cases and lessons of outsourcing from advanced nations such as the United States, Britain, France, and Germany have been analyzed and introduced in order to prod the movement. Drawing on these lessons, the MND is pursuing a top-down strategy. If early efforts succeed, the MND will expand the scope of outsourcing to include all possible areas in the field of military support. The strategy is to pursue this process step-by-step in order to minimize possible resistance and unexpected side effects. More specifi-
cally, in the first stage of 2005–2006, general preparations such as selecting target areas and proposing new legislation were made. In the second stage of 2007–2012, various measures such as executive agencies and prime vendors will be tested in the field. After 2012, the outcome will be assessed and evaluated. It will then be decided what will continue to be outsourced and what will be kept under military management.  

The selection process will pose a set of questions about each function. Is the military capable of performing? Can the civilian sector perform more efficiently? Does it require expertise that the military does not possess? And would it facilitate civil-military cooperation? Besides efficiency and skills, another important criterion of the selection process is whether a task is directly related to the combat mission and whether outsourcing could guarantee reliable performance during wartime. If successful, the military can expect higher efficiency, low cost, continued innovation, concentration on the combat mission, and eventually a small but stronger and more efficient force. The civilian sector, in return, can expect higher profits, thanks to the expansion of the market and increased employment opportunities. Therefore, the expectation is to create a win-win situation for both public and private sectors. For example, maintenance of ROK Air Force planes has been one focus of outsourcing. Civilian companies have ample experience with licensed production of some of the key fighters of the Air Force, which would provide a tremendous advantage in maintenance thanks to their superior technology. Thus, it would be desirable for the Air Force to outsource airplane maintenance to the private sector to save time and money and to achieve a better result.  

Regarding renovation of logistics, the MND published a report on National Defense Logistics Policy in November 2006. It suggests using a prime vendor system and expanding the scope of outsourcing if possible after a careful assessment of tested cases in 2007–8. The MND also host-

---

56 Based on author’s interviews with senior Air Force officers in July 2006 and January 2007.
57 Ibid.
ed the Meeting of Logistics Officers to Promote the Defense Reform 2020 in January 2007 and reassured these officers about the expansion and intensification of outsourcing in the combat support area. Finally, the *Defense White Paper 2006* includes a chapter on “Building an Advanced National Defense Management System,” an important part of which is outsourcing. The chapter emphasizes the necessity of expanding and extending outsourcing to construct the future military.

There exist, however, several serious concerns regarding military privatization in South Korea.

**Cost-effectiveness**

One of the most important reasons for broad and aggressive outsourcing in South Korea is to save money. Since force investments should remain the same or even increase to maintain a robust defense force, the only available way to save money, under a tightened budget, is to reduce operational costs through massive reform and innovation, including wide-scale outsourcing. The MND estimates the required budget for defense reform, additional investment, and reorganization at 67 trillion won, or approximately $74 billion, for the 15-year period of 2006-2020. During the same period, the total defense budget will be 621 trillion won, or approximately $650 billion, about 16.8% of the government budget and less than 3.0% of GDP. The MND argues that, since the budget for defense reform will be only 10% of the total budget and since it is expected to be compensated for by growing civilian economic activities through a transfer of 180,000 servicemen via force reduction, “the reform plan will not have a draining effect on the national economy.” At a press conference, then Minister of National Defense Gwang Woong Yoon responded to a question on concerns...
about the defense budget increase by saying that “if the MND does not push for a drastic reform and innovation, it will require more funds to maintain the current 680,000 personnel level.”

Whether successful implementation of outsourcing will bring significant cost-effectiveness as expected is yet to be proven. There is doubt among the personnel who are responsible for implementation of the MND initiative of outsourcing. Since the Korean military is based on conscripted soldiers and their salaries are extremely low, contracting out some of their tasks to civilians could be more costly. According to Ok-Nim Chung, the ordinary annual operating cost for a conscripted soldier barely exceeds 2 million won, or approximately $2,200. Since hiring a civilian contractor could be several times more expensive, it is hard to expect outsourcing to bring financial benefits. Even a seemingly simple and easy task like outsourcing of dining, managed by civilians for more than a decade, has not brought any tangible advantages. High-tech maintenance—of fighter-planes, for example—also presents difficulties, since civilian contractors might still have to rely on foreign firms that exported the product. To achieve savings on the operation of a depot, one of the most talked-about items of outsourcing, it might be more effective to focus on modernizing facilities through automation rather than outsourcing. Furthermore, the market is still quite small and the prospect of profit is not high. Therefore, private companies are hesitant to participate. As a result, energetic competition among private companies, considered the most important element in bringing down costs, according to Avant, is hardly present.

**Reliability**

One of the biggest concerns of the South Korean military has been

---


64 Based on author’s interviews in July 2006 and January 2007.
the reliability of civilian contractors in time of war. Since the Korean peninsula remains under a Cold War situation, with continued military confrontation between the two Koreas, conflict is always a possibility. An analysis by KIDA regarding wartime reliability of civilian contractors reveals cause for concern. According to the analysis team, in the case of high-tech maintenance, the private sector’s reliability for combat support during conflict is similar to the military’s. In the case of a supply base, however, there could be problems with combat support during wartime. There is also a need for secrecy, which might be harder to achieve with civilians.65

Legal constraints and organization of special wartime personnel have been suggested as a way to eliminate this worry. Because outsourcing will be limited to combat support areas, institutionalizing civilian personnel would be considered less problematic. The MND and the Emergency Planning Committee have been implementing an institutional framework for wartime mobilization of civilians for combat support duties. The measure is expected to lessen anxiety and enhance combat capability. The probability of war profiteering or divergence of interests between contractors and the military is not easy to evaluate yet, but it is highly unlikely.66 Defense White Paper 2006 also emphasizes that private companies will sign solid contracts regarding wartime involvement and will undertake contingency planning and training to consistently and uninterruptedly provide services at any time.67

**Monitoring and Oversight**

As a part of the broad effort toward national defense reform, outsourcing will be backed by legislation whenever necessary. The MND pledged that the defense reform would be promoted through legal and institutional mechanisms. More specifically, the MND drafted the Basic Law on Defense Reforms and promised, “Assessments of the security situation and status of the Basic Law and its promotion will be made every
three years and according to the outcome thereof, modifications will be made to the reform plan.” The MND has also established various committees and organizations, such as the Consultative Committee for Defense Reform, to supervise, evaluate, and adjust the reform process. The Basic Law on Defense Reforms was introduced to the National Assembly in December 2005. After a year of discussion and debate, it was passed in December 2006.

The MND pledges, “Through making the reform plan public and accommodating suggestions from both inside and outside the military, MND will form national consensus.” Thus, it is expected that the National Assembly and the public will engage in the process. Since the overall reform will be pursued as a national task, the process of outsourcing will thus be subjected to thorough scrutiny, monitoring, and legislation, if necessary. The task will be promoted through public hearings, workshops, civilian-military joint analyses, etc. More specifically, each service will form an outsourcing task force team, carefully choosing a target area and implementing it in close coordination, regularly assessing and evaluating, and finally expanding and consolidating the privatization of the military. Certainly, more time is needed to see the outcome of the process.

The Military’s Future

Since it is highly unlikely that South Korea will produce military provider firms anytime soon, the military’s identity as the holder of a monopoly on the legitimate use of force is unquestioned in South Korea at this moment. Yet, the significant change brought by the reform in general and outsourcing in particular is a real concern for many officers considering their future in the South Korean military. As even the proponents of military privatization admit, the privatization will inevitably eliminate positions in the public sector. Not surprisingly,

---

68 MND, Defense Reform 2020, p. 38.
70 Based on author’s interviews; and MND, Defense White Paper 2006, pp. 144–46.
71 Moon, et al., The Creation of an Elite Military, p. 257.
officers’ deep worry about their uncertain future within the organization (if not outright rejection of reform) is one of the biggest and most sensitive concerns of the MND. The deep-rooted belief in “national defense by soldiers” also contributes to the hesitation of many military personnel about accepting the outsourcing moves.

A solution suggested by the MND and relevant services is to promote the selection efforts with the utmost prudence and discretion and to implement change gradually to minimize resistance and avoid possible negative consequences. The slow, step-by-step process—including five years of testing and experimenting (2008–12)—is reflective of this general concern. Another suggestion is to absorb retirees as defense civilian service workers. A challenge in this regard is that, so far, civilian service workers have been given relatively low status vis-à-vis their military counterparts. Transfer of this kind will help to increase the number of military civilians to 6% from the current 3.9% of active duty servicemen while providing much-needed expertise. The effort will also be promoted as an integral part of the civilian-led control system, thus advancing democratic governance of the military. Given the projection of force reduction, more civilians will inevitably be needed, either as direct hirings by the MND or as contractors of the MND, in order to compensate for the reduction of regular forces and to maintain combat capability.

**Conclusion**

The current trend of military privatization seems to resonate with Singer’s argument, “The growing effects of technology in the revolution in military affairs only reinforce private firms’ critical importance to high-level military functions and expose states’ inability to supply such activities on their own. Likewise, continued reductions and restrictions in force structure make the use of logistics-support contractors like Brown & Root almost mandatory.” The rapid changes in the

---

73 Based on author’s interviews.
security environment and the way war is conducted have forced the South Korean military to come up with an aggressive and comprehensive plan for national defense reform, of which outsourcing is a key component. The process of outsourcing adopted by the MND in South Korea seems responsive to the recommendations and advice of many task forces, especially KIDA. Therefore, it has been promoted with caution and prudence and is being implemented gradually within the framework of broad defense reform.

The author’s research for this paper indicates that the outsourcing efforts are gaining irreversible momentum in South Korea. Most participants share a consensus that military privatization is an inevitable and inescapable phenomenon. There are, however, some reservations and concerns regarding the prospect of cost-effectiveness, the reliability of private firms during wartime, monitoring and oversight, and career uncertainty for military officers. Yet since South Korea’s military privatization is limited to combat support areas, the level and scope of controversy and worry are far less than in a country like the United States. The concerns are, however, legitimate. As Avant shows in her analysis, “while the private option provides flexibility in the short run, then, it is harder to control and frequently more costly than its public alternative and reduces incentives to reorganize the force.”

Therefore, what the MND and the three services must come up with are: Firstly a concrete and plausible plan to increase incentives for encouraging participation and competition among private companies; Secondly, a solid and workable institutional mechanism to guarantee the reliability of combat support by private companies during wartime; Thirdly, a sound plan to develop constant and thorough measures of monitoring and oversight in order to enhance transparency and accountability of private performance; and finally, determined solutions to reduce the anxiety of military personnel about their future and to upgrade the status of the civilian workforce in the military structure.

Another concern is the gulf between the policy initiators of the MND and KIDA and the policy implementers in the field. The hesitation and doubt on the part of the policy implementers show frustration

75 Singer, Corporate Warriors, p. 231.
with the top-down approach from the MND. The existing gap, however, does not mean the outsourcing efforts will ever slow down. The MND is firm in its desire to push the agenda as an integral part of the broader national defense reform. The officers in the field who have reservations also express hope for improvement through trial and error and with a solid plan and sound execution. After all, the central question is whether or not the military can sustain the personnel and up-to-date high technology required to keep up with the rapidly changing and demanding security environment. Since the private sectors possess better technological skills, the argument goes, it will be better in the long term to outsource some of the tasks despite the possibility of a short-term setback in cost-effectiveness. In addition, Avant’s concern about the military foregoing innovation and force restructuring due to massive outsourcing does not seem to be too problematic in South Korea, since the privatization efforts are being pursued as an integral part of force restructuring and defense management innovation.

Military privatization in South Korea is still in its infancy. Strictly speaking, the outsourcing of military tasks has not yet taken place. Current development is just at the level of executive agency, which merely replaces the head of an organization with a civilian. As my interlocutors admit, what is happening now is simply internal reform of the defense structure, far from full-scale outsourcing. Since the determination of the MND is firm, however, there is little doubt that there will be gradual development, but the result of these promises and policies remains to be seen. It will be interesting to see whether issues of the current debates regarding military outsourcing in the United States will ever be present in South Korea, assuming military privatization continues and succeeds. For example, will it shift the balance of power in South Korean politics? Another aspect that should be carefully observed is whether successful private militarization will change civil-military relations in South Korea, although this appears highly unlikely given the strength and robustness of the South Korean state.

77 Author’s interview with a senior Air Force officer in July 2006.
79 Based on author’s interviews with senior Air Force officers in July 2006.
Another potential development is a shift in the existing alliance system between South Korea and the United States. It is especially noteworthy because the two parties have just agreed to transfer the wartime operational command to South Korea by April 2012. How the privatization affects the alliance structure, and vice versa, will have significant implications for theories of alliance as well as policy.