

Think Tank 2022 Forum Europe and Middle East, February 2: IAED Session

Ole Toresen and Roger Wetherall
February 2, 2022



Europe and the Middle East - In the sixth session of the Think Tank 2022 Global Forum, business leaders discussed economic paths to Korean reunification.

The February 2 session, "Economic Proposals to Open and Facilitate the Relationship of North Korea and the World," was held jointly by the Europe-Middle East, African, and North American branches of UPF's International Association for Peace and Economic Development (IAED).

The eight webinars of the Think Tank 2022 Global Forum were held from February 1 to 3 as a precursor to the events of World Summit 2022, which would be held in Seoul, South Korea, and online from February 11 to 13.

The Think Tank 2022 webinars were held not only in Europe and the Middle East but also in Asia, Africa, and the Americas by UPF and its associations. Several of the online sessions were held jointly with UPF associations from other continents.



[Mr. Roger Wetherall, Coordinator, IAED - USA](#) The moderator, Roger Wetherall, the coordinator of IAED for the United States, welcomed the presenters and challenged them to offer constructive ideas on actions that could facilitate and incentivize economic development on the Korean Peninsula and lay a foundation for future peaceful integration.



[Dr. Raghavan Seetharaman, CEO of Doha Bank, a global investment bank working in India-China-Europe](#) The first presenter was Dr. Raghavan Seetharaman, CEO of Doha Bank, a global investment bank active in India, China and Europe. He pointed out that we are living in a changing world where we are interconnected and interdependent. As an example of challenges he has experienced, he mentioned the 2009 economic crisis in which banks lost trust and credibility. There was disintegration in Germany and India.

We need to create global stability and embrace changes, he said, like the digital revolution which can bring prosperity to humanity. In Korea we can see a lack of social justice and freedom.

Dr. Seetharaman saw many needs and possibilities: Infrastructure has to be built up, and the value system has to be adjusted. He also mentioned education, tourism, sports, and said there should be cultural expansion and private-public partnership opportunities. We have to open the international economy to North Korea, he said. The Kaesong Industrial Complex is key and should be revived.



[Ms. Audra M. Hajj, CEO, Ascension Exchange](#) The first of the three respondents, Audra M. Hajj, the CEO of Ascension Exchange, said that we often forget human "capital" in pursuit of economic development. She asked about the integration process: "What would be the first thing to recommend in preparing adults and children for a different way of life?"

Dr. Seetharaman then pointed out the need for moral and ethical values, both for individuals and for companies.



[Mr. Jose Ramón Riera, CEO, Whats Media Inc. and Whats Cine SL, Spain; Former CEO, General Electric Capital Information Technology Solutions \(1997-2001\), USA; Writer on economic analysis of Public Sector Budgets.](#)

Jose Ramón Riera, the CEO of Whats Media Inc. and Whats Cine SL, and a writer on economic analysis of public sector budgets, said that in the year 2000 South Korea's economy was 53 times bigger than that of the North, and in 2017 this gap had increased to 97 times. This shows that the longer we wait, the longer it will take to unite the two Koreas. He asked Dr. Seetharaman to imagine being in front of the North Korean president, offering to help and the president asking, "Which measures would you as a banking expert propose?"

"Being in front of a person who is ruthless in his practice, I would tell him that my vision is long term," Dr. Seetharaman responded. Most North Koreans embrace the Juche "faith," and spiritual values might be the only way to connect with him.

Dr. Seetharaman said he would suggest that the international community could invest in North Korea to bring in health care, as well as all the needed elements he mentioned earlier. In this way, the North Korean regime can continue, Dr. Seetharaman said.



[Mr. Joseph Busha, Founder and CEO, JM BUSHA Investment Group](#)

Joseph Busha, the founder and CEO of JM Busha Investment Group, asked, "What can be done to bring peace and security on the Korean Peninsula?"

Dr. Seetharaman said that we need to reassure the North Koreans that their regime will continue. Through international investment - prosperity through business - the livelihood of North Koreans should be changed. Integration with the international community will take place, converting global culture into the local culture.



[Mr. William Brown, Board of Directors, Economic Institute of America; Chair, George Washington University's North Korea Economic Forum in the Institute of Korean Studies \(GWIKS\)](#)

The second presenter was William Brown, a member of the Board of Directors of the Economic Institute of America, and the chair of George Washington University's North Korea Economic Forum in the Institute of Korean Studies. Mr. Brown showed graphs on the exchange rates of the three currencies being used in the DPRK - US dollars, Chinese yuan and DPRK won - showing enormous fluctuations. His conclusion was that the banking system needs reform and that the "partial" marketization of the economy is not working smoothly, trapping the economy in a middle ground, an inefficient position.

He emphasized that reforms need to happen first before opening the North Korean economy to the world. The proper order is critical. Why is North Korea poor? It has abundant natural resources, an educated people and many factories. The problem is low productivity, and this is due to the command economy system. The industrial and agricultural economies have not been replaced by a market system, and this

has led, in part, to past famines.

There are two reforms that North Korea could learn from: ROK President Park Chung-hee created a new money and banking system in 1962-63 which rewarded savings and allowed people to invest. Bank deposits grew quickly, but the state did a poor job of investing it. In 1962 South Korea was the worst saving country in the world, but by 1980 it was the best saving country. However, the problem in North Korea is the lack of property rights.

From the example of former Chinese leader Deng Xiaoping, North Korea could learn how de-collectivization in agriculture (getting rid of the collective farms) enhanced productivity. Collectivization in Russia, China and North Korea has only brought about starvation.



Ms. Hajj understood the need to introduce a reward system based on productivity. She wondered how productivity can be acknowledged and rewarded for resourceful North Koreans?

Mr. Brown said he was talking about labor productivity in capital productivity. North Koreans are hardworking and disciplined, and they build things incredibly fast (in "Pyongyang speed"). The system does not reward them: One-third of the population are working on farms, but North Korea cannot feed its own population. Everything has two prices in North Korea: the state price and the market price. This breeds corruption and bad decisions. North Korea might learn from China.

Mr. Riera said that the income per capita in North Korea in 2017 was US \$700, which is number 180 on the world ranking. Income per capita in South Korea is 46 times higher and number 3 in the world. He asked Mr. Brown: If he could have a wish implemented immediately in North Korea, what would that be?



Mr. Brown said that, faced with the leader of North Korea, he would say that North Korea has a money problem. North Korea has done a great job in controlling inflation the last ten years and should continue to be fiscally conservative. However, North Korea is not offering credit for investment. Mr. Brown suggested some privatization of the country be started: sell some coal mines or land and reform the agriculture.

Mr. Busha asked if (starting) an internal change in North Korea would not be defeating the purpose of integration?

Opening with the rest of the world is important, Mr. Brown answered, but opening before reforms are done could be catastrophic! North Korea has had foreign investment, but the problem is the dual pricing system and the lack of property rights. North Korea is bankrupt and would not get credit if it tried to open now. North Korea needs to convert its assets to credit. It needs to start exporting, Mr. Brown said.

A question was offered to the panelists: If there would be a way to help North Korea, what would be your recommendation?

The Kaesong Industrial Zone was mentioned as a way to start, but Mr. Brown said, "You have to pay the workers directly, not through the state" (paid rations). North Korea is not a member of the United Nations' International Labour Organization (ILO), which says that countries should pay workers' wages with money. He recommended that joining the ILO should be part of any deal. North Korea also should join the World Trade Organization (WTO) which oversees global tariffs on exports. These would help the DPRK play more fairly as a step toward integration.

Mr. Busha suggested in the end that North Korea should be allowed to become a member of the WTO.

Ms. Hajj suggested that North Korea could benefit from receiving outside business consulting, but working through North Koreans, not directly, such as a train-the-trainer type of approach.

A fruitful session ended with the moderator thanking everybody who participated!

