



MONTHLY INSIGHTS

August 2016

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A WORD FROM THE DIRECTOR OF THE ANALYTIC COMMUNITY

We are pleased to send out this monthly update summarizing some of Wikistrat's activities during August.

This month, Wikistrat conducted three major simulations that deal with seemingly unrelated topics: the hypothetical fall of North Korea; the aftermath of a catastrophe involving autonomous cars; and the potential implications of President Dilma Rousseff's impeachment. Though discussing the future, these issues are highly relevant to the present. Understanding what might ignite a regime change in Pyongyang can support and inspire current Western strategy towards this uncontrollable totalitarian regime. An autonomous car-related incident has in fact recently occurred, and the immediate political future of Brazil is unclear. I hope that Wikistrat's insights can shed some light on these uncertainties.

As always, you are welcome to comment, suggest activities or share your insights with us.



Dr. Shay Hershkovitz

Chief Strategy Officer and Director of the Analytic Community

WIKISTRAT IN THE MEDIA



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THE FALL OF NORTH KOREA

A Wikistrat Crowdsourced Simulation

SIMULATION BACKGROUND

North Korea remains the last truly totalitarian regime and closed state on earth. However, it is unlikely to be able to remain as such indefinitely.

During June 2016, Wikistrat ran an 11-day multistage crowdsourced simulation to explore the various pathways by which North Korea could collapse, assess which of the pathways are the most plausible/likely, and “game out” the ways in which other actors are likely to respond.

More than 70 analysts participated in the simulation – including PhDs, former military and diplomatic personnel, and other expert members of our Asia-Pacific, Russia, North America and Military desks.



METHODOLOGY

Phase I: Backcasting the Fall

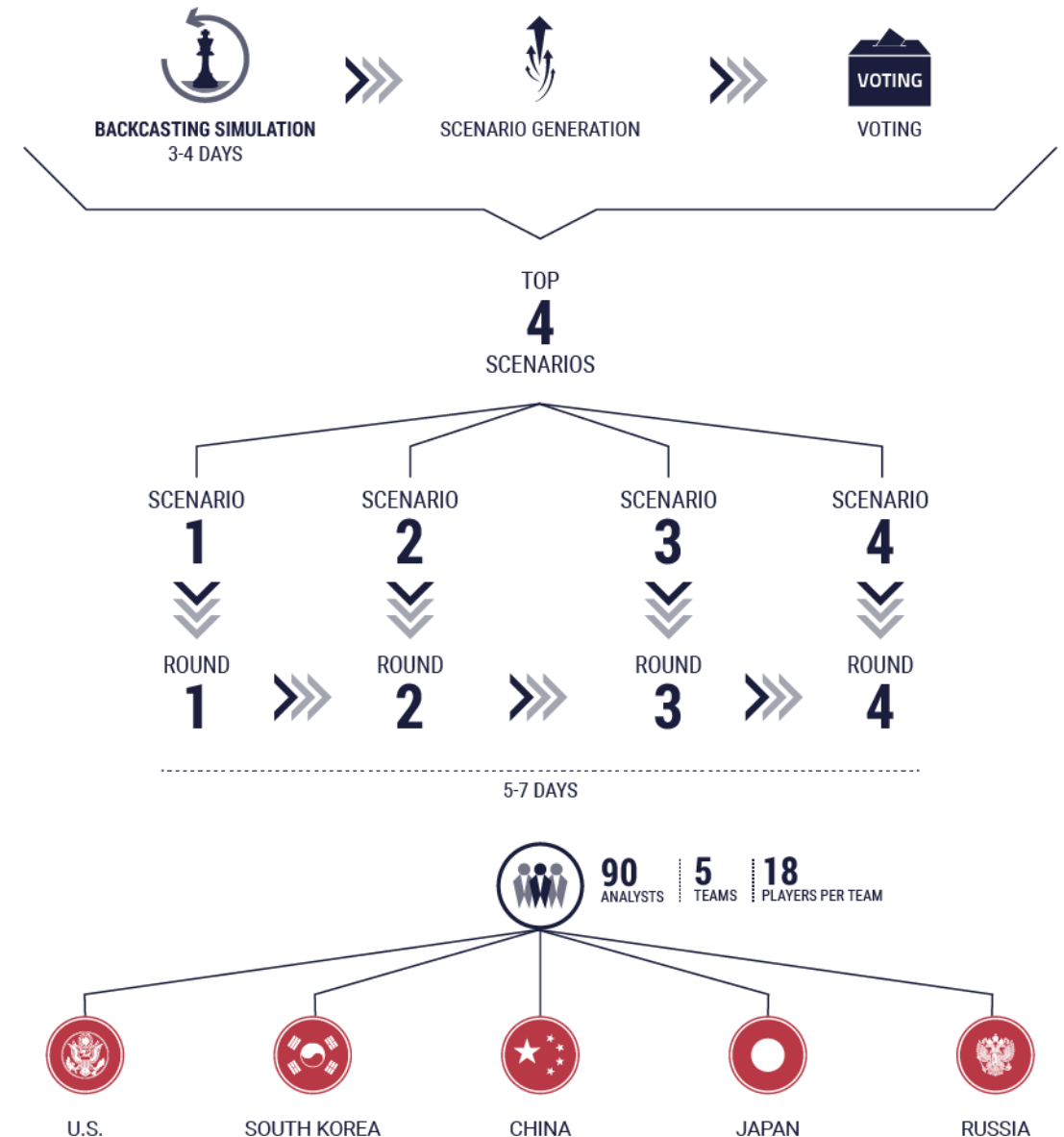
In this five-day phase, analysts were asked to tell the retrospective story of North Korea's fall via the collaborative generation of scenarios.

Phase II: Scenario Plausibility Voting

Analysts were then asked to choose the highest-quality scenarios from the previous phase based on *plausibility* and *likelihood*.

Phase III: Wargaming the Scenarios

Analysts were divided into five teams (the U.S., China, South Korea, Japan and Russia), each of which gamed out the responses of their actor to the top four scenarios chosen in Phase II.



KEY INSIGHTS

- Securing North Korean WMD is a task likely best left to the Chinese – though it will be a test of diplomacy, as Washington, Tokyo and Seoul will have to be convinced that the threat has been eliminated.
- Should the Kim regime falter, South Korea is prepared to take Pyongyang (unilaterally if necessary) before China can respond.
- Japan is at a strategic disadvantage in any scenario and will be forced to depend on its relationship with the U.S. to exert any leverage over the situation.
- Russia may have the most to gain from instability on the Korean Peninsula. Attempts to capitalize on the situation would endanger relations with China and the United States. However, Moscow is uniquely positioned to expand its regional influence, given its comparatively fewer restraints and lack of security commitments.



STRATEGIC TAKEAWAYS: **UNITED STATES**

- There would be enormous pressure on the U.S. to secure/seize WMD unilaterally or (ideally) with extensive South Korean assistance.
- The U.S. would have little incentive to contest Chinese primacy, provided the WMD issue was resolved.
- Chinese and U.S. interests converge in regards to securing WMD and general stabilization efforts, but cooperation will still be difficult and fraught with a degree of mistrust.
- Korea remains a long- rather than short-term concern and not one Washington will likely be pushed into by South Korean assertiveness.



America must prioritize the relative importance of the Korean peninsula as opposed to its interests in the broader Asia-Pacific – particularly as it pertains to its relationships with China and Russia.

– Dr. Robert Pauly, Wikistrat Senior Analyst

STRATEGIC TAKEAWAYS: **CHINA**

- The pivotal power with interest in any North Korean collapse would be China.
- In all scenarios, China's key policy objectives remained the same: Keep the Korean peninsula divided, maintain stability in North Korea (to prevent the U.S. or South Korea intervening), and ensure the North Korean regime remains more or less under Chinese tutelage.
- Chinese efforts to secure WMD will need to be done either in cooperation with the U.S. or carried out in such a way that Washington, Tokyo and Seoul are convinced the threat has been eliminated.
- Any coup attempt backed by Beijing would need secure support from within the inner circles of the regime itself – and also be able to quickly purge rival elements and their patronage networks to ensure they cannot mount a counteroffensive or even launch retaliatory strikes against China, South Korea or Japan.



A (North Korean) regime under a tight leash to Beijing will presumably be a rational one, one more open to business, and one very unlikely to take aggressive military action.

– Dr. Mark A. Nelson, Wikistrat Senior Analyst

STRATEGIC TAKEAWAYS: **SOUTH KOREA**

- South Korea has the most to gain *and* lose in the outcome of any North Korean existential crisis.
- The idea of reunification dominates much of South Korean strategy. While dealing with an acute crisis will be the priority, Seoul will not ignore the opportunity to take proactive steps toward unification.
- Given shifting American relations with China, South Korea may not be willing to work in tandem with the U.S. in the event of a crisis in North Korea that impacts Seoul's security.
- South Korea is prepared to take Pyongyang before China has the capacity to resuscitate the Kim regime.
- Unilateral action by South Korea could have significant negative impacts for its security and economic stability.



The presence of U.S. ground troops is Seoul's greatest leverage in negotiations with China. When Beijing argues it cannot accept a unified Korean Peninsula with U.S. troops on it, Seoul can counter with: "Agree to unification and the rationale for U.S. troops is removed."

– Dr. David Kearns, Wikistrat Senior Analyst

STRATEGIC TAKEAWAYS: **JAPAN**

- ➔ Two structural factors – geography (separation from the Korean Peninsula by sea) and history (historical tensions/animosity, including colonialism) – have left very little diplomatic room for Japan to maneuver.
- ➔ Thus, any opportunity for Japan to act must be coordinated within a multilateral approach lacking any overt political/military posturing. Japan will have to “take a backseat” through most phases of such a crisis.
- ➔ In the event of a civil war or even mass desertion of soldiers, it is unlikely that Japan would support a South Korean military intervention due to the risk of a new major war on the Korean peninsula.
- ➔ The best way for Japan to exert influence over events would be through cooperation with South Korea or the United States.



Apart from the threat posed by Kim's WMD and weaponization programs, China, Japan, South Korea and the United States would all prefer the status quo rather than the burden of dealing with an economically, socially and politically “primitive” North Korea.

– Jeffrey Itell, Wikistrat Senior Analyst

STRATEGIC TAKEAWAYS: **RUSSIA**

- Russia should not aim to compete with China where it cannot, but should make itself indispensable where it can.
- There continues to be an undertone of competition between Russia and China. Any alliance between the two will be based upon narrowly negotiated interests.
- While it cannot afford to make unilateral advances into North Korea in the event of a sudden collapse, Russia has diplomatic leverage on China via offering or withholding support to Beijing-led action.
- Russia may not have the lead in this region, but it also does not have as much expected of it, giving it freedom of action.



Without a strong U.S. presence in South Korea and Japan, these U.S. allies will have to reach some level of accommodation with Russian and Chinese regional interests.

– Lynda Roades, Wikistrat Senior Analyst



THE AUTONOMOUS CAR THAT KILLED



THE AUTONOMOUS CAR THAT KILLED



In this simulation, more than 50 experts were challenged to respond to a scenario in which an autonomous vehicle is involved in a fatal incident. This exercise identified issues as well as blind and soft spots which future autonomous vehicle manufacturers should be paying attention to today. [Click here for the full report.](#)

Incorporating Legislators

Legislators were not “trigger-happy” when it came to imposing legislation, as the benefits of autonomous vehicles certainly outweigh the risks. Thus, analysts recommended that companies should incorporate local legislators in the development process and initiate joint legal teams.

The Cyber Threat

The “cyber” element is considered to be a red flag for consumers – more so than the fact that the car in this scenario made a decision that was “correct” yet fatal. Autonomous vehicle manufacturers will have to consider software updates for their vehicles becoming mandatory by law, which may add to their cost and increase the price for consumers.

New Partnering with the Old

Although some tech companies might try to “ride solo” as they develop their products over the next few years, they will be forced to partner with traditional car manufacturers prior to their vehicles hitting the roads, as they are disadvantaged in terms of the connections, knowledge and experience needed to navigate the highly regulated general automobile industry.



Brazil now finds itself wounded and facing the same problems as before – only now there is no prominent figure like Rousseff to absorb the public’s blame and anger. The new government led by President Michel has minimal room for error or even to adapt.

AFTER THE IMPEACHMENT: WHAT’S NEXT FOR BRAZIL?

The Next Months

The next months are crucial for the government to show progress and will signal whether the new government is capable of executing much-needed public reforms and austerity measures to pull the country out of its downward spiral.

Taxes

Facing another year of economic decline, and with a constitutional prohibition on registering a deficit, the government is very likely to raise income taxes. Nevertheless, the country is seeking to regain foreign investors’ trust, making it highly possible that no new taxes will be placed on foreign capital entering Brazil.

Workers Unions

Brazil’s new government is basing much of its economic recovery measures on privatization and cutting public spending. Both moves are likely to lead to a clash with the country’s strong and organized workers’ unions – many of which are strongly connected to the Workers’ Party. Wide-ranging public-sector strikes (especially in airports and seaports) are likely within the next three to six months.

UPCOMING ACTIVITIES: SEPTEMBER



ACTIVITY



METHODOLOGY



OBJECTIVES



LAUNCH DATE

The Future of Money

Simulation

Examine the future use of money and the economic implications

September 8

Rise of the Robots

Simulation

Explore the future social and political impacts of artificial intelligence

September 15

China and its Economy:
Problems and Solutions

Red-Teaming

Map and analyze the most urgent problems the Chinese economy is facing

September 29



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