

## Sectoral Issues in the Korean Economic Development

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### 1. Course Introduction

This course is designed to provide students with extended and in-depth knowledge on the major sectors of the Korean economy. The topics covered in this course include: Macroeconomic Policy Issues, Monetary Policy including Exchange Rate Policy, Fiscal Policy, Trade Policy, Government Restructuring and Social Development in Korea.

Both the GSP and MKE students can learn how the Korean government intervened in the market to achieve economic development. We will discuss policies which the Korean government successfully and skillfully used in order to achieve both fast economic growth and price stability. In details, we will study the background of the success in development of the heavy and chemical industries, how the Korean government successfully overcame the challenges of the two oil crisis, structural adjustment measures taken after the 1997 crisis, the changes of the labor market, and the key elements of social welfare policy.

There will be an introductory lecture on each chapter. After the introductory lecture, students are required to make presentations on the topics of the week and to have discussions with other students in the class. Active participation in the presentations and discussions will be an important factor for evaluating the students' performance in the course.

### 2. Course Evaluation

Presentations and Class Participation: 40 %  
Mid-term exam.: 30%  
End-tem exam.: 30%

### 3. Schedule of Work

April 17~21: The mid-term exam will be administered at class.

June 9: Final research paper is due by noon.

June 5~9: The final exam will be administered at class.

#### 4. Main Course Outline and Reading List (Week 1-15)

##### Week 1: Understanding of Korea's Macro-Economy

- Stephen Haggard, Richard N. Cooper, and Susan Collins, "Understanding Korea's Macroeconomic Policy" in Stephen Haggard, Richard N. Cooper, Susan Collins
- Korean Economy 1945-1995: Performance and Vision for the 21<sup>st</sup> Century (KDI, 1997), pp.101-142
- Lawrence B. Krause, "The Political Economy of South Korea: Fifty Years of Macroeconomic Management, 1945-1995", in Dong-Se Cha, Kwang-Suk Kim and Dwight H. Perkins
- Choongsoo Kim, Sung-Tae Ro, *Macroeconomic Policy and Adjustment in Korea, 1970-1990*, Harvard University Press, 1994, pp.23-48

##### Week 2: The Political Economy of Macroeconomic Policy

- Stephen Haggard, "Macroeconomic Policy through the First Oil Shock, 1970-1975", in HCSKR, Harvard University Press, 1994, pp.23-48
- \_\_\_\_\_, "From Heavy Industry Plan to Stabilization Macroeconomic Policy, 1976-1980, in *ibid.*, pp.49-84
- Stephen Haggard and Susan Collins, "The Political Economy of Adjustments in the 80s" in HCSKR, pp. 75-107

##### Week 3: Industrial Policy and Trade

- Anne O. Krueger, Korean Industry and Trade over Fifty Years, " in CKD, pp.293-338
- Kwang-Suk Kim, "Industrial Policy and Trade Regime, " in Lee-Jay Cho and Yoon Hyung Kim ed., *Korea's Political Economy*, Westview Press, 1994, pp.531-556
- DM Leipziger and Peter A. Petri, "Korean Industrial Policy: Legacies of the Past and Directions for the Future" in *ibid.* pp. 581-621

##### Week 4: Financial Policy

- Pyung-Joo Kim, “Financial Policies and Institutional Innovation”, CKP, pp. 186-237
- Sung-Tae Ro, “Korean Monetary Policy,” HCSKR, pp. 145-183
- Yoon Shik Park, “Potential Impact of International Capital Flows on the Korean Financial Market and Real Sector, “in Lee-Jay Cho, Yoon Hyung Kim and Chung H. Lee, eds., *Restructuring the Korean Financial Market in a Global Economy*, Korea Development Institute, 2002. pp.29-56
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#### Week 5: Korea’s Balance of Payments and Exchange Rates

- Richard N. Cooper, “Korea’s Balance of Payments” in HCSKR, pp.265-293
- Susan Collins, “Saving, Investment, and External Balance in South Korea” in HCSKR, pp. 231-260
- Michael Dooley, Rudi Dornbusch and Yung Chul Park, “A Framework for Exchange Rate Policy in Korea”, Working Papers (KIEP, 2002)
- Jong-Hyun Nam, “The Role of Trade and Exchange Rate Policy in Korea’s Growth” in Takatoshi Ito and Anne O. Krueger, *Growth Theories in light of the East Asian Experience*, The University of Chicago Press, pp.153-180

#### Week 6: Fiscal Policy

- Dong Kun Kin and Seong Hyeon Whang, “The Role of Tax and Fiscal Policies”, CKP, pp.238-290
- Richard N. Cooper, “Fiscal Policy in Korea”, HCSKR, pp. 111-143
- Young-Sun Koh, “Reforming the Fiscal Management System in Korea”, The 2005 KDI-KAEA Conference on “Korea’s Corporate Environment and Sustainable Development Strategy’ (KDI, 2005)

#### Week 7: Science and Technology

- Linsu Kim, So-mi Seong, “Science and Technology: Public Policy and Private Strategy”, in CKP, pp. 339-382
- Linsu Kim, “Absorptive Capacity and Industrial Growth” A Conceptual Framework and Korea’s Experience”, in Bon Ho Koo and Dwight H. Perkins, *Social Capacity and Long-Term Economic Growth*, St. Martin’s Press, 1995, pp. 266-287

#### Week 8: Mid-Term Exam.

#### Week 9: Corporate Restructuring and Corporate Governance

- Bob Tricker, “Corporate Governance: A Subject whose Time has come”, *Corporate Governance*, pp.3-28, 2<sup>nd</sup> edition, 2012, Oxford University Press
- Michael Klausner, Stanford Law School, “ Shareholder Suits and Outside Director Liability: The Case of Korea,” *Corporate Governance and Capital Markets in Korea*,

- edited by Youngjae Lim, pp. 257-282, KDI, 2009
- Chan-Hyun Sohn, *Korea's Corporate Restructuring since the Financial Crisis*, KIEP, 2002
  - Young-Ki Lee and Young-Jae Lim, "In Search of Korea's New Corporate Governance System," in Kenneth L. Judd and Young Ki Lee, *An Agenda for Economic Reform in Korea* (Hoover Press and KDI, 2000), pp.155-186
  - Kenneth Scott, "Institutions of Corporate Governance: Implications for Korea," in Kenneth L. Judd and Young Ki Lee, *An Agenda for Economic Reform in Korea* (An Hoover Press and KDI, 2000), pp. 187-245

#### Week 10: Government-Business Relationships

- Jean-Pierre Lehmann, "Government-Business Interface in the Age of Globalization", in Lee-Jay Cho, Yoon Hyung Kim, and Chung H Lee, *Restructuring the National Economy*, (KDI, 2001), pp. 293-326 (Hereafter CKL)
- Seong Min Yoo, "Evolution of Government-Business Interface in Korea: Progress to Date and Reform Agenda Ahead", in CKL., pp 351-401

#### Week 11: Social Development and Social Welfare Policy

- Inma Adelman, Frsa, "Social Development in Korea, 1953-1993", in CKP, pp. 509-540
- Hye Hoon Lee, Kye-sik Lee, "A Korean Model of Social Welfare Policy", in Kenneth L. Judd and YoungKi Lee, *An Agenda for Economic Reform in Korea*, KDI, 2000, pp.203-245
- Sang-hyop Lee and Andrew Mason, "Aging and Old-age Support System: Issues and Reform", in Lee-Jay Cho, Hyungpyo Moon, Yoon Hyung Kim, and Sang-hyop Lee, *A New Paradigm for Social Welfare in the New Millennium* (Heareafter CMKL), KDI, 2005, pp. 187-228

#### Week 12: Wage Policy and Labor Market

- Choongsoo Kim, "Wage Policy and Labor Market Development," in HCCKR
- Dae Il Kim and Gyeongjoon Yoo, "labor Market Changes in Korea since the 1997 Crisis", in CMKL, pp. 181-236

#### Week 13: Service Sector Advancement

- Herve Mathe, "How Service Innovation Shapes the New World", in Moon Joong Tscha, ed. *The Service Sector Advancement: Issues and Implications for Korean Economy*, KDI, 2010, pp.3-20
- Chira Crisculol, "Trends of Service Sector in Advanced Economies: How does Korea Perform", *ibid.* pp.21-56
- MoonJoong Tscha, "Challenges to the Korean Economy and the Advancement of the Service Sector", *ibid.* pp. 59-91

Week 14: Future of Korean Economy

- Dong-Se Cha and Young Sun Kho, "Vision and Strategy of the Korean Economy for the 21st Century", in CKP, pp.733-755
- Byung-Nak Song, "Prospects for the Future", in Byung-Nak Song, The Rise of the Korean Economy, Oxford University Press, 1997, pp.227-238
- \_\_\_\_\_, "The Korean Development Model: Lessons for Other Countries", ibid, pp. 239-267

Week 15: End-Term Exam.