

(Syllabus: Preliminary, subject to change)

Financial Sector Growth and Financial Policy in Korea
GSPIT736 (Spring 2016)

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Course overview

This course discusses how the Korea's financial sector has developed and its financial policy has influenced the development of the financial industry. The financial sector covers money and capital markets and bank or non-bank financial institutions. Finance in Korea showed such a highly dynamic development that it gives rich lessons to developing and emerging economies. Its financial sector was suppressed during the early industrialization period and, thereafter, was liberalized. However, the financial liberalization worked as a cause of the 1997 financial crisis. The course discusses this dynamics, focusing on the impacts of the government's financial policies on the development in financial markets or industries.

The main goal of the course is to study how Korea's financial sector has developed and helped the real sector growth since the early government-led industrialization period. To be more specific, we want to answer the following three (kinds of) questions: (i) How has the Korea's financial sector developed (and supported the real sector development) in the last half century? (ii) How have the financial institutions and financial policies developed? (iii) How can we evaluate Korea's financial institutions and policies in the perspective of economic development? In exploring answers to the above three questions, we want to have theories as explicit as possible and evidences from international comparisons of similar experiences. We also want to extract policy lessons for the newly developing countries from the good and bad sides of Korea's financial development experiences. Students should write a paper, 10-15 pages long, on a specific topic of his or her interest to compare Korea's experience with her own or other countries.

Pre-requisites

Students are assumed to have understanding in introductory macroeconomic theory and introductory statistics.

Grading:

Class engagement	20% (during the course)
Research Proposal	20% (eighth week)
Midterm Exam	20% (8 th week)
Final Paper and Presentation	40% (15 th week)

Main Readings

- World Bank, *Global Financial Development Report 2015/2016: Long-Term Finance*, World Bank Publications, 2015.
- Lee-Jay Cho, Yoon Hyung Kim and Chung H. Lee, eds., *Restructuring the Korean Financial Market in a Global Economy*, Korea Development Institute, 2002.
- Barry Eichengreen, Dwight H. Perkins, Kwanho Shin, *From Miracle to Maturity: The Growth of the Korean Economy*, Korea Development Institute, 2012.

Other References

- Supplementary reading materials shall be provided during the course.

Weekly schedule

Week01	Korea's Financial Development: An Overview
Week02	Financial Development and Economic Growth: An International Comparison
Week03	Financial Institutions and Policies in Korea During the Development Period(1960-1979)
Week04	Financial Institutions and Polices in Newly Emerging Countries: Theory and Evidence
Week05	Korea's Financial Liberalization During the Transition Period(1980-1997)
Week06	Financial Liberalization and Economic Development: Theory and Evidence
Week07	Korea's Financial Crisis and Financial Reforms in 1998-2000
Week08	Interim Proposal and Midterm Exam
Week09	Financial Crises in Developing Countries: Theory and Evidence
Week10	Korea's Financial Institutions and Policies in the 21st Century(2001-2015)
Week11	The Role of Financial Institutions and Innovations: Theory and Evidence
Week12	Lessons from Korea's Financial Development and Economic Growth
Week13	Financial Development and Economic Growth: Theory and Evidence
Week14	Overall Discussions: Other Issues in Financial Development and Economics Growth
Week15	Final Report and Presentation