Index

agricultural sector 30, 36, 146–8, 313
Ahn, B. 51
Ahn, C. 225
Ahn, J. 120
Akama, H. 254
Allen, F. 270
Almeida, H. 78
Almond, G. 86
Amsden, A. 88
An, C.B. 346
Andersson, T. 102, 105, 106, 107, 108, 110, 113, 120, 121, 125
Asia, Korea–ASEAN FfA 152, 153
Australia
  business efficiency and corporate governance rankings 228, 229–30
  Employee Retirement Pension Plan 333
  Financial Service Reform Act 272
  ICT infrastructure 115
  income distribution 339
  knowledge economy ratings 111, 112
  Korea–Australia FTA 152, 154
  public social expenditure 346
  retirement income from superannuation 360
Babson, B. 202
banking sector see financial sector
  (banking sector), transition and future agenda
Beaulier, S. 78
Beeson, M. 78
Begein, J. 146
Belgium, knowledge-based economy 118
Berger, P. 51
Bermuda, Korean FDI outflows 176
Bishop, B. 166
Burkhart, R. 78
business sector, recent evolution, chaebols 215–43
  and banking regulation and supervision, fragmentation of 218–19
  ‘big deals’ and core competencies 33, 36
  business efficiency of 225
  as cause of 1997 economic crisis 222–3
  and commercial bank ownership, proposed 229, 232
  concentration and expansion limitations 224, 226–7
  Cooperative Foundation for Large and Small Business 237
  corporate governance 35–6, 40, 219–21, 225–33
  corporate governance and group society attitudes 231
  corporate governance reform 32, 223–4, 225–9
  corporate governance reform, causes of failure 230–33
  corporate governance reform, comparative assessment of overall 229–30
  and corporate restructuring 32–3, 35–6
  and cross-debt guarantee system 218, 221, 222–3, 225
  and cross-shareholding among affiliates 218, 224, 225, 226–7, 228–9, 232, 233
  and cultural influences 216–17
  debt and financial crisis (1997) 26–7, 28
  and diversification 221–2
  economic concentration 88, 215–17, 232–3
  as entrepreneurs, and transaction cost model 221–2

363
expansion and moral hazard 232–3
exports and credit control (1960s) 217
family-oriented firms 216, 227, 230, 233
financial structure improvement 223, 225
FDI restrictions lifted 223
and hierarchical government–business relationship 219
and ICT 123, 124
and industrial targeting 217–18
institutionalized privileges of 217–19
and international competitiveness 223
and Korea Fair Trade Commission (KFTC) 230–31, 237
Korean Discount phenomenon 228–9
merger and acquisition (M&As) restrictions lifted 223, 228
minority shareholder protection 224
and outside director system 226
ownership concentration 232
private property rights 59
pyramid ownership structure 220
reform after 1997 economic crisis 222–4
reform assessment 225–33
reform and IMF rescue package 32–3
securities and capital markets, liberalization of 31, 227–8
securities market and accountability 257
share ownership, restricted 245
and shareholder control 220, 226, 227, 228–9
and SMEs, relationship between 236–7
transparency and accountability, improvement 224, 226
transparency and accountability, lack of 220–21
see also financial sector, transition and future agenda
business sector, recent evolution, SMEs 215, 231, 233–6
bank loans 234
and bankruptcy 234
business and government procurement lines 234–5
and chaebols, relationship between 236–7
and credit guarantee system 233–4
economic prosperity, falling 235
export share 235
and financial crises 234
and labour productivity 235
overseas investment projects 236
per capita output and assets 235–6
and R&D 235
sanctuaries 234
Byun, M. 232
Canada
business efficiency and corporate governance rankings 228, 229–30
ICT infrastructure 115
income distribution 119, 339
knowledge economy ratings 111, 112
Korea–Canada FTA 152, 154
National Pension Plan 333
public social expenditure 346
Cha, D. 23, 26, 222
Cha, V. 91
chaebols see business sector, recent evolution, chaebols
Chang, C. 53
Chang, H. 23
Chang, J. 220, 221, 226
Chang Myon regime 80
Chang, N. 53
Chataway, J. 128
Chaudhry, A. 78
Cheibub, J. 97
Chen, D. 103, 122, 124
Cherry, J. 162, 168, 182
Chile, Korea–Chile FTA 148, 152, 153, 154
China
agricultural tariff rate 147
business efficiency and corporate governance rankings 228, 229–30
competitiveness and FDI ranking 174
economic growth effects on Korea 141–2
energy supplies to North Korea 193
exports to Korea 137, 138
foreign affiliates’ investment in R&D 162, 163
ICT and FDI 124
ICT infrastructure 115
imports from Korea 136, 137
income distribution 119, 339
knowledge economy ratings 111, 112
Korean FDI outflows 176
Korea–China FTA 152, 154
and national competitiveness indicators 38
North Korea, economic cooperation with 189, 200, 201, 204
North Korean sanctions 187
Cho, D.H. 235, 236, 240
Cho, D.K. 232
Cho, L. 52, 53, 54
Cho, S. 224, 226, 230
Cho, S.H. 258, 262, 263
Cho, S.J. 317, 332
Cho, Y. 233
Choe, C. 270
Choe, S. 215, 223, 224, 225, 226, 227, 239
Choi, D. 280
Choi, J.K. 360
Choi, J.P. 227, 232
Choi, J.S. 360
Choi, K. 282, 292, 293, 339
Choi, N. 148
Choi, S. 345, 355, 357
Choo, M.J. 172, 182
Chu, W. 70
Chun Doo-hwan regime 22, 59, 80–81, 87, 88, 219, 342
Chung, J. 282
Chung, S. 128
Chung, Y. 192, 193, 197, 210
Claessens, S. 229, 230, 239
Clegg, S. 70
Cohen, Y. 76
Confucian values 51–2, 53–5, 57, 59–60, 83, 84, 125
Conway, P. 169, 291, 297, 298
corporate governance see business sector, recent evolution, chaebols
corruption 39, 59–60, 66, 67
prevention 283, 289–90
Cox, G. 79, 80
cultural effects on economic performance 49–74
and authoritarianism 57, 58
and business sector, recent evolution 216–17
comparative analysis 64–8
and Confucian values 51–2, 53–4, 57, 59–60, 83, 84, 125
and corporate ethical practices 65, 66
and creative capacity 56, 58, 60, 62, 64, 82
and crime rates 63–4
and divorce rate 63
and economic development from 1960s 58–9
and economic future 60–64
and entrepreneurship 62
and equality 57, 60, 62
and fertility rate 63, 64
and financial crisis 54–5, 59–61
globalization attitudes 59–60, 66, 67
historical, lack of 57–8
institutional approach 55–7, 61
and international competitiveness 64–8
and investment rates 63, 64
labour market reform and relations 61, 65, 66
literature review 50–52
literature review, Korea 52–5
and nationalism 64
new assessment 57–64
part-time and temporary employment increase 61–2
political culture changes 62, 83–7
and population demographics 64
poverty rates 62
and quality of life 66, 67
and rationality 56–7, 60
and social cohesion 66, 67
social and economic indicators (2000–07) 20, 63
and society’s system of ethics 56, 62, 63, 66
and time orientation of society 56, 60–64
and transaction costs 55–6, 57, 58, 59–60, 61, 64
working hours and work ethic 61–2
Dahlman, C. 102, 105, 106, 107, 108, 110, 113, 120, 121, 125
de Bruin, A. 70
De Nicole, G. 226, 230, 232
Dunning, J. 168–9
Dyer, J. 70
The Korean economy in transition

East Asia Free Trade Agreement (EAFTA) 152
economic policy in transition 19–48
comparative assessment 37–9
and individual sectors, shift to 32–4
internal assessment 34–7
macroeconomic policy paradigm, shift to 31, 34–5
and national competitiveness indicators 37–8
new economic policy framework and sustainability 39–42
policy environments transition 29–31
prior to financial crisis (1997) 22–5
reform assessment 34–9
stagnation 2, 19, 30, 34–5, 42, 57–8, 92
transition 29–34
trends (1963–2007) 21
education system
and brain drain 121
‘Brain Korea 21’ programme 108
broadband connection to schools 108
competitiveness, lack of 120, 121
and Confucianism 51, 53
cultural effects 122
deregulation and decentralization suggestion 120–21
Education Credit Bank 108
expenditure as percentage of GDP 113
and FDI 120–21
illiteracy, overcoming 311–12
and knowledge-based economy 105, 107–8, 113–14, 118, 120–22
knowledge-based research collaboration with industry 41, 116–18, 121
lifelong learning, need for 121–2
‘New University for Regional Innovation’ project 108
private spending on education 113, 122, 311, 312
public spending on education 114
tertiary science graduates 113
tertiary student enrolment rate 113, 114, 312
trade barrier restrictions 150
universities as IT ‘venture incubators’ 108
‘ Vision for Education’ 107–8
vocational colleges, need for 121
see also knowledge-based economy transition
Eggertsson, T. 51
Eiras, A. 38
Ersson, S. 78, 198
Eun, S.M. 316
Europe, Korea–EFTA FTA 152, 153, 154
FDI see foreign direct investment (FDI), inward and outward
Feng, Y. 78
Ferreira, D. 78
financial crisis (1997) banking regulation, inefficiency of 27–8
banking sector as principal cause of 245–6
chaebols and debt capital 26–7, 28
and cultural effects on economic performance 54–5, 59–61
economic policy paradigm prior to 22–5
efficiency and competitiveness, loss of 28
and FDI 165–8
and foreign borrowing 28, 246, 251
IMF rescue package 4, 31–3, 34, 223, 280, 291
and income distribution 338–42
and industrial relations 316
recovery from 1–2, 4–5
and securities market 252–9
and social welfare programmes 342–5
state intervention as cause of 25–9, 31
and trade policy 143, 144
transparency and accountability, lack of as contributing factor 27
financial crisis, global (2008) 42, 93, 180, 249–50, 251
financial sector (banking sector), transition and future agenda 244–75
Bancassurance 249
chaebol overlending 246, 254
chaebol share ownership, restricted 245
and chaebol accountability 257
commercial ownership by chaebols, proposed 229, 232
comparative assessment 265
competition, concerns over lack of 251

corporate governance 251–2

diversification and universal banking

suggestion 251, 266

and economic crisis 59

and financial crises 244–5

financial holding company system 249

Financial Supervisory Commission

(FSC) 247, 257, 263, 266–7

Financial Supervisory Commission

(FSC), lack of independence of

266–8

and five-year development plans 245, 254

foreign borrowing and 1997 financial

crisis 246, 251

international accounting standards,

adoption of 247–8, 250

liberalization and internationalization

246, 247–9, 251

loans to deposit ratio and 2008

financial crisis 249–50, 251

mergers and acquisitions (M&As) 32, 35

national competitiveness measurement

265

nationalization 35

Pension Act 255

as principal cause of 1997 financial

crisis 245–6

profitability 250, 25

prudential supervision reform 247

reform 247–9

reform assessment 249–52

reform assessment overall 265–8

regulation and supervision 245–6, 266

regulatory reform 33–4, 35

regulatory and supervisory systems

assessment 265–8

restructuring and recapitalization

process 247

self-rescue plans 247

SME loans 234

SMEs, and Technology Credit

Guarantee Fund 234

‘sound bank’ status 32

and state intervention 59

‘sunset clause’ 34, 296

takeovers and FDI 169, 170

transparency and accountability

improvements 32, 35–6, 40

transparency and accountability, need

for 267

universal banking shift 32

financial sector (securities market),

transition and future agenda 252–65

annual trading values (2000–07) 260

before 1997 financial crisis 252–6

bond market liberalization 256, 258,

260, 261

bond market shortcomings (pre-2007)

255–6

capital account liberalization 259, 263

companies listed on stock exchange,

decreasing numbers 261

corporate governance 254–5, 262

deregulation and competition 258,

264, 266

derivatives market 263

Financial Investment Services and

Capital Markets Act (FSCMA)

262–5, 266, 268

Financial Investment Services and

Capital Markets Act (FSCMA),

future suggestions for 264–5

foreign investment 256, 258–9, 260,

261–2, 264

foreign investment in stocks and bonds

248–9, 250, 258–9

foreign mergers and acquisitions

(M&As) 248–9, 250

and fund sources for corporations 261

futures and options markets 258,

259–60, 262

institutional investors 254–5

investor protection 262–5

investor trust, decline in 262

Korea Exchange (KRX) 258

listed companies and market

capitalization 253–4

low investment rates 254

and M&A expansion 264

and M&A restrictions 257

and online trading 258, 259

reform assessment 259–62

and risk management 264–5

Securities and Futures Commission

(SFC) 257
The Korean economy in transition

stock market policy measures and institutions 252-4
stock price index 253
structural reform since 1997 financial crisis 257-9
supervision 254
supply and demand side changes and protection of takeover attempts 261-2
transactions and ownerships (1963-2007) 255
and venture industry expansion 259
voting system for shareholders 257
see also business sector, recent evolution

Finland
business efficiency and corporate governance rankings 228, 229-30
ICT infrastructure 115
income distribution 119
knowledge economy ratings 111, 112
public social expenditure 346
foreign direct investment (FDI), inward and outward 160-85
attracting more FDI, suggestions for 178-80
and bank takeovers 169, 170
comparative assessment 172-4
competitiveness rankings 174, 179
corruption levels 174
economic freedom levels 174
and education system 120-21
employment by FDI companies 162
evolution of outward FDI regulation 174-8
financial crisis, inward FDI before and after 165-8
foreign affiliates’ investment in R&D 162, 163, 170-71
foreign businesspeople, perceptions of 171-2
foreign exchange control system abolished 175
Foreign Investment Committee 167, 178-9
Foreign Investment Committee, suggested replacement of 179
Foreign Investment Promotion Act (FIPA) 166-7
and global financial crisis (2008) 180
global ranking of inward investment 162
globalization, economic freedom and transparency ranking 173
greenfield 164
and ICT 122-3, 124
incentives 106, 167, 175, 180
international research collaboration, lack of 171
Invest Korea 167, 171, 179
inward FDI stocks as percentage of GDP 161
Korea Trade-Investment Promotion Agency (KOTRA) 167, 179
labour market flexibility, lack of 170
and labour market reform 167
labour market reputation 172
liberalization 7, 165, 169, 170, 175, 178
liberalization after financial crisis 166-8
location advantages, loss of 168-71
macro and global effects on inward FDI 168
and mergers and acquisitions (M&As) 164, 165, 167, 175
Ministry of Knowledge Economy 167, 178-9
‘negative list system’ and outward investment 175
‘one-stop service system’ 167
outward FDI by major recipient countries 176-7
outward FDI by sector 177-8
Overseas Investment Insurance Plan 175
overseas investment procedures 175-6
policy, restrictive, before financial crisis 165-6
‘positive list system’ and outward investment 174-5
recent developments in inward investment 31, 34, 42, 160-65
regulatory shortcomings 169-70, 171-2, 178, 179
reporting system 165
and service sector 149, 163-4
share by industry 163-4
share by investment type 164
sluggish inward FDI, causes for 168–74
social consensus among stakeholders, suggested 179–80
social and cultural support 167–8, 169, 172, 179, 180
union resistance 169, 170
value-added levels by foreign affiliates as percentage of GDP 161–2
and wage levels, high 170
see also trade policy in transition

France
income distribution 119, 339
population ageing 309
public social expenditure 346
free trade agreements (FTAs) 42, 93, 142, 145, 148, 152–4
Fukuyama, F. 55, 63, 70, 91

Gale, D. 270
Garner, P. 78
Germany
business efficiency and corporate governance rankings 228, 229–30
ICT infrastructure 115
income distribution 119, 339
knowledge economy ratings 111, 112
ownership concentration 232
pension contribution rate 360
public social expenditure 346
Gerring, J. 78
Gong, Y. 52
Goo, M. 128
Graham, J. 252
Grayson, J. 71
Griffy-Brown, C. 102
Grubb, D. 323
Guo, S. 210

Ha, J. 169
Ha, Y. 89, 276
Haggard, S. 76, 200
Hahm, C. 91
Hahm, H. 52
Hahn, G. 244, 271
Hall, C. 240
Han, K. 52, 71
Han, S. 87, 89
Harris, R. 271

Harrison, L. 51, 55, 56, 57, 58, 62, 68, 77, 79
Harvie, C. 2, 5, 33, 217, 223, 234, 239, 240
Helgesen, G. 84
Helliwell, J. 78
Heo, U. 97
Heritage Foundation
corruption index 290
Index of Economic Freedom (IEF) 38, 111–12, 150–51, 173, 174
Hlasny, V. 36, 301
Hodgson, G. 6
Holzer, B. 52
Hong, D. 116, 123
Hong, I.P. 198
Hong Kong
business efficiency and corporate governance rankings 228, 229–30
competitiveness and FDI ranking 174
economic freedom levels 174
exports to Korea 138
ICT infrastructure 115
imports from Korea 137
income distribution 119, 339
and Index of Economic Freedom 38
knowledge economy ratings 103, 111, 112
Korean FDI outflows 176
national competitiveness measurement 265
trade barrier indicators (WEF) 151
trade freedom ranking 151
trade-weighted tariff rate (WEF) 151
wage levels 319
Hong, S.J. 203, 204
Hooy, C. 127
Hsiao, H. 51
Huh, C. 2, 19
human resources
and knowledge-based economy transition 105, 107–8, 109, 113–14, 120–22
and labour market and industrial relations reforms 309–13
and management changes 61
Hundt, D. 92, 93
Huntington, S. 51
Hur, J. 231
Hwang, I. 254, 257, 271
Hwang, J. 323  
Hwang, S.M. 282, 285, 288  
Hwang, S.Y. 284

ICT see knowledge-based economy transition

IMF rescue package 4, 31–3, 34, 223, 280, 291
incentive schemes 23  
foreign direct investment, inward and outward 106, 167, 175, 180
public sector and regulatory reforms 282, 288–9
income distribution and social welfare policy 336–62  
Basic Old-Age Pension 348, 354–5  
budget estimate for 2012 359
and digital divide 118–19, 125
disabled, support for 344
Earned Income Tax Credit 348, 354
Elder-Respect Pension 344
employment insurance 346–7, 350–51, 355
employment programmes, evaluation of 355–6
female households 337–8, 356
functional distribution of income 338–9
government expenditure for welfare system before 1997 financial crisis 345–6
health safety net 357
income distribution after 1997 financial crisis 340–42
income distribution prior to 1997 financial crisis 338–40
income gap between rural and urban regions 338–9, 340
income security programmes 350–54
industrial accident insurance 343, 347, 351–2
lifetime employment, end of 340
long-term care programme 355
minimum wage introduction 340, 342
National Basic Livelihood Security System (NBLSS) 348, 352–4, 355–6
national health insurance 347, 350
national pension scheme 343, 347, 351
and non-regular workers 340–41
participatory welfare 348
‘proactive welfare’ plan 338, 348–9, 356–7
productive welfare 346, 348, 353
public assistance programme 343, 344, 348, 352–4
Retirement Pension Plan 351
SME wage rates 341
social insurance 343
Social Security Law 342
social services programme 343, 344
social services for seniors, evaluation of 354–5
social welfare programmes before 1997 financial crisis 343–5
social welfare system, assessment of reformed 349–56
social welfare system before 1997 financial crisis 342–3
social welfare system reforms 346–9
unemployment 336, 340, 341–2, 350–51, 355
unemployment insurance 343, 350–51
Vision of the 21st Century National Welfare Reform 343
and wage income 340–41
and wealth distribution 339, 340
welfare expenditure and income distribution 349–50
see also labour market and industrial relations reforms

India  
Korean exports and imports 136, 138
Korea–Japan FTA 154
and national competitiveness indicators 38

Indonesia  
exports to Korea 138
Korean FDI outflows 176
industrial relations see labour market and industrial relations reforms

Inkeles, A. 77
innovation
knowledge-based economy transition 4, 6, 41, 102, 106, 108–9, 116–18, 123–5
‘New University for Regional Innovation’ project 108
institutional reform 4–6, 7
anti-competitive 23
cultural effects on economic performance 55–7, 61
securities market 254–5
and trade policy in transition 143
International Institute for Management Development (IMD) 37, 38, 65, 66, 67, 151, 173, 174
business efficiency and corporate governance rankings 228, 229–30
cross-country governance quality 279–80
labour market flexibility 170
national competitiveness measurement 265
World Competitiveness Scoreboard 111, 112, 318
Ireland
knowledge-based economy 118
public social expenditure 346
Jacobs, D. 343
Jang, H. 225, 226, 227
Jang, W. 52
Japan
agricultural tariff rate 147
banking concentration rate 251
business efficiency and corporate governance rankings 228, 229–30
company start-up costs and procedures 297–8
competitiveness and FDI ranking 174
crime rates 64
debt-equity ratio 225
economic freedom levels 174
exports to Korea 137, 138
foreign affiliates' investment in R&D 162, 163
foreign borrowing 251
ICT and FDI 124
ICT infrastructure 115
imports from Korea 136, 137
income distribution 119, 339
and Index of Economic Freedom 38
interest coverage ratio 225
knowledge economy ratings 103, 111, 112
Korean colonialism 58, 64
Korean FDI outflows 176
Korea-Japan FTA 152, 154
labour productivity of SMEs 240
manufacturing sector, labour unit cost 170
national competitiveness measurement 265
ownership concentration 232
pension contribution rate 360
population ageing 309
profitability difference between large and small companies 240
public expenditure to GDP ratio 288
public social expenditure 346
R&D expenditure 123
service sector, labour productivity 30, 149
tertiary education enrolment rate 312
trade barrier indicators (WEF) 151
trade freedom ranking 151
trade-weighted tariff rate (WEF) 151
Jeong, H. 280, 282, 283, 300, 301
Jeong, K. 354
Jin, T. 252
Joh, S. 27, 218, 220, 222
Jones, L. 52
Jones, R. 112, 120, 122, 124, 128
Joo, H. 63–4
Josten, S. 62, 71
Ju, H. 235, 236, 240
Ju, K. 285
Jung, K.H. 219
Jwa, S. 26, 42, 127, 154, 180, 215, 218, 221, 222, 225, 244, 246, 270, 271, 276, 285
Kahkonen, S. 5, 55
Kahn, H. 51, 52
Kang, C. 94
Kang, D. 59–60, 240
Kang, I. 121
Kang, J. 250
Kang, S. 231–2
Kaufmann, D. 279
Kearney, A. 38, 173, 290
Kienzle, R. 233, 236
Kim, A.E. 316, 332
Kim, A.N. 348
Kim, B.Y. 267
The Korean economy in transition

Kim Dae-jung regime 31, 39, 81, 90
public sector and regulatory reforms 276, 280–81, 284, 285, 288, 290, 292, 293, 295
social welfare improvement 336–7, 343, 346, 348, 353
Sunshine Policy 186, 202, 206, 207
Kim, D.J. 94
Kim, E.M. 175, 176
Kim, E.S. 53
Kim, H. 316
Kim, H.G. 105, 106
Kim, H.J. 30, 142, 149, 150, 157, 186
Kim, H.S. 314, 315, 316, 326, 329, 332
Kim, H.T. 272
Kim, H.U. 250
Kim, H.Y. 251
Kim, J.D. 144, 172, 182
Kim, J.I. 144, 332
Kim, K.B. 284, 288
Kim, K.O. 84
Kim, L. 234
Kim, M. 271, 343
Kim, P.J. 270
Kim, P.S. 276, 282, 284, 286, 300
Kim, S. 307
Kim, S.B. 284, 285, 288
Kim, S.H. 86, 89, 91
Kim, S.K. 88, 307, 345, 346, 359
Kim, S.T. 323
Kim, W.S. 172, 182
Kim, Y.H. 52, 53, 342, 344, 360
Kim, Y.I. 172
Kim, Y.J. 123
Kim, Y.K. 223–4, 297, 298
Kim, Y.M. 348
Kim Young Sam regime 81, 89
Kim, Y.S. 250
Kirk, D. 93
Kirk, M. 189
knowledge-based economy transition 4, 6, 41, 102–31
analytical framework 103–6
and brain drain 121
and broadband subscription 108, 115, 118
current status assessment 109–19
Cyber Korea 21 108
and digital divide 106, 118–19, 125
and e-commerce regulation 123
and education system 105, 107–8, 113–14, 118, 120–22
educational collaboration with industry 41, 116–18, 121
future development 119–25
GDP generated from ICT 110
‘growth-engine’ technologies, identifying 109
and human resources 105, 107–8, 109, 113–14, 120–22
ICT and chaebols 123, 124
ICT consumption as percentage of GDP 114–15
ICT and FDI 122–3, 124
ICT and imported materials 123
and ICT infrastructure 105, 108, 114–16, 122–3
ICT in total exports 110
and IMF Country Report 119–20
income distribution and digital divide 118–19, 125
innovation system 4, 6, 41, 102, 106, 108–9, 116–18, 123–5
institutions and policy settings 104–5, 107, 111–13, 119–20
IT839 strategy 116
knowledge economy ratings 102–3, 110, 112–13, 114, 116, 117, 118
Knowledge Index ranking 110–11
Korean government policy and three-year strategy 106–9
and lifelong learning 121–2
and national culture strategy 109
patents filed 116, 117, 124
private sector R&D 124
public sector R&D 124
R&D, cultural hindrances to 124–5
R&D as percentage of GDP 102
R&D spending 109, 116, 123–4
regional R&D clusters 109
royalty and license fee receipts 116, 117
SME involvement in intermediate goods, lack of 123
SME involvement in R&D, lack of 124
technological readiness of firms 113–14
and technology transfer 124
tertiary student enrolment rate 113
Index

see also education system
Kohli, A. 76
Koo, B. 52
Korea Asset Management Corporation (KAMCO) 32
Kubota, K. 78
Kweon, S. 52
Kwon, S. 339, 343
Kwon, T. 64, 309

labour market and industrial relations reforms 307-35
childcare provision 319-20
collective bargaining 317-18
collective industrial relations 325-7
critical issues 319-29
culture and company loyalty 315
culture and work ethic 311-12
demographic trends 308-9, 319-22
dispatched workers system 325
disputes on unfair treatment 315
early forced retirement 322
and education, importance of 311-12
education levels and female employment 321
employee pension plan contributions 324
employers' associations 317
Employment Insurance Scheme 320
employment levels 313-14
employment-income relationship 313-14
enterprise-based unions 316, 317
exports, jobs created by 313-14
female labour force participation 319, 320-22
foreign workers and labour standards 315
government intervention in labour disputes 327
Grand Tripartite Agreement for the Advancement of Industrial Relations 325-6
human resources supply 309-13
illegal strikes 317, 318, 326, 327
industrial disputes, frequency of 317
industrial relations and 1997 financial crisis 316
industrial relations, comparative assessment 318-19
industrial relations, current 316-18
industrial relations and non-regular workers 322-5
industrial relations in transition 315-16
industry-based unions 316
and instability 36
and International Labour Organization (ILO) standard 326
Labor Relations Commission (LRC) 327, 328-9
Labor-Management Council (LMC) 327, 329
labour disputes 22, 23, 26, 28, 65, 66, 88-9, 91
labour disputes and state intervention 315
labour and education levels 311
labour market developments, recent 308-14
labour productivity 30, 35, 314, 318
labour relations, organizations related to 327-9
labour rights and regional competition 316
labour shortages and foreign workers 312-13
labour standards 314-15
labour turnover rate 314
and lockouts 326
maternity leave provision 320
multiple unions 318
and non-regular workers 316, 321-5
non-regular workers, Act to protect 324-5
part-time employment 325
part-time and temporary employment increase 61-2
penal provision for unfair activities 326-7
and population ageing 308-9, 319-22
real wage rate 314
and retirement age 322
Retirement Pension Plan 324
SMEs and foreign workers 312
and social prejudice against women 320-21
state intervention 23
temporary workers and labour standards 315
The Korean economy in transition

Trade Union and Labor Relations
Adjustment Act 315–16, 318
Tripartite Commission 33, 316, 317, 327–8
unemployment levels 41, 61, 313
union consultation period 324
union executives, enterprises paying for full-time 326
union federations 317
union/management balance of power 326
wage levels 318–19, 321, 323–4
working hours and work ethic 61–2
and world competitiveness rankings 318
see also income distribution and social welfare policy

Lane, J. 78, 198
LeBlang, D. 78
Lee, B. 317, 355, 356
Lee, C. 152
Lee, D. 89, 90
Lee, H. C. 53
Lee, H. H. 2, 5
Lee, H. J. 354
Lee, H. K. 343
Lee, H. Y. 85
Lee, I. 324
Lee, J. (Jaeheon) 89, 90
Lee, J. (Jaymin) 225, 226
Lee, J. (Jonathan) 220
Lee, J. C. 70, 84, 90, 97
Lee, J. H. 188, 307
Lee, J. M. 2, 33
Lee, J. U. 44
Lee, J. W. 26, 62, 90, 97, 195, 197, 198, 199, 201, 202, 206, 209, 340
Lee, K. C. 52, 53
Lee, K. H. 276
Lee, K. W. 236
Lee, M. 270
Lee Myung-bak regime 62, 81, 85, 92–4, 127, 154, 180, 229
North Korean policy 186, 203
‘proactive welfare’ plan 338, 348–9, 356–7
747 Plan 41–2
Lee, S. J. 227, 230
Lee, S. W. 267
Lee, S. Y. 336
Lee, T. J. 353, 354, 360
Lee, T. S. 357
Lee, W. 317
Lee, Y. H. 90, 92
Lee, Y. S. 47, 186, 191, 192
Lee, Y. Y. 317
Levine, R. 270, 271
Levy, M. 51, 70
Lewis, A. 51
Lewis-Beck, M. 78
Leys, S. 51
Lie, J. 92
Lim, G. C. 220
Lim, H. 197, 210
Lim, H. C. 282, 285, 288
Lim, W. 206, 225
Limongi, F. 76, 77, 97
Lipsey, R. 51
Luxembourg, knowledge-based economy 118

McCalman, D. 220
McCubbins, M. 79, 80
McGuire, M. 79, 279
McNulty, M. 53
Mah, J. S. 175, 176
Malaysia
competitiveness and FDI ranking 174
exports to Korea 138
income distribution 119, 339
national competitiveness measurement 38, 265
Mansourov, A. 143, 152
manufacturing sector 30, 150
and chaebols 221
employment levels 313
FDI share 162, 163, 164, 177
interest coverage ratio 225
labour unit cost 170
SME status 234
union membership 317
wage levels 318–19
Martin, J. 310, 332
Miles, L. 216
Milner, H. 78
Mimicopoulos, M. 277, 278, 301
Min, B. 227
Ming, L. 197, 200, 210
Mo, J. L. 97
Index

Moberg, E. 80
Moon, C. 92, 93, 203
Moon, M. 285
Moore, C. 70
Moosa, I. 270
Morishima, M. 52, 70
Myrdal, G. 51

Nam, D. 52–3
Nam, S. 233, 235
Nam, S.W. 332

Netherlands
ICT infrastructure 115
knowledge economy ratings 111, 112
Korean FDI outflows 176
public social expenditure 346
Noland, M. 188, 193, 194, 200
North, D. 5, 6, 8, 49, 51, 55

North Korea, economic reform 4, 7, 186–212
agriculture and one-family farming units 199
agriculture and self-sufficiency 190–91, 195–6, 197
budgetary pressures 193–4
and Chinese economic cooperation 189, 200, 201, 204
Chinese sanctions 187
Constitution amendment (1998) 195
decentralization of central planning mechanism 197–8, 199
economic cooperation with South Korea 189, 200, 201
economic growth compared to South Korea 189–90
Economic Management Improvement Policy 192, 195
economic reform (2002) 192–201
economic reform (2002), background 192–5
economic reform (2002), future prospects of 199–201
economic reform (2002), main contents 195–8
economic reform (2002), as market socialism 198–9, 200–201
economic structure 190–92
economic trends, recent 189–90
energy shortages 193
external capital, inability to access 193
famine (1990s) 189
FDI 189, 200
FDI and Special Economic Zones (SEZs) 195, 198, 200, 207
flooding 189
foreign economic relations, decline in 194
foreign exchange rate adjustment 196
foreign loans default 189
Four-Point Agreement for Inter-Korean Economic Cooperation 202, 206
free (unofficial) markets 192, 194
Gaeseong Industrial Complex 203, 204, 205, 206–7
GDP by industrial sector 190
geopolitical developments 187–9, 200, 205–6
Hyundai-Asan and tourism policy 206, 207
inflation problems 199–200, 201
and inter-Korean economic relations 3–4, 186, 200, 202–8
inter-Korean FDI 205–7
inter-Korean tourism 207–8
inter-Korean trade 203–5
juche (self-reliance) ideology 187, 190–91, 193, 194
land travel restrictions 203
‘military-first strategy’ 188, 192, 194
non-economic measures and slogans 188, 192, 194
and nuclear power 4, 187–8, 193, 203
nuclear power and Proliferation Security Initiative (PSI) 187, 188
open-door policy 198, 199
and planned economy 191–2
planning system reform 197–8
price system reform 195–6, 198–9, 200
private economy outside central planning system 192, 194, 195–6
private economy and profitability 198, 199
private sector, formalization of 197, 200, 201
productivity rewards 197
property rights, state ownership of 192, 193
Public Distribution System (PDS) 192, 194, 200
resources, misallocation of 192–3, 200
Seven-Year Plans, end of 194
social and political order, deterioration in 194–5
tourism and land travel 198, 203, 206, 207
UN sanctions 187–8
US banking sanction 187, 188
wage system reform 196–7, 199, 206
Nugent, J. 233, 234, 240
Oh, T. 53, 183
Olson, M. 5, 44, 55, 75, 79, 279
Olstrom, E. 15, 277
Pack, H. 23
Pai, K. 102, 105, 106, 108, 127
Park, A. 227
Park, C.G. 152
Park Chung Hee regime 22, 58–9, 80, 87, 88, 217, 219, 342
Park, C.M. 71
Park, D. 322
Park, G. 332
Park, I. 316
Park, I.S. 314
Park, J.G. 2
Park, J.H. 360
Park, K.S. 324
Park, M. 92
Park, S.J. 324, 333
Park, S.S. 52, 53, 54, 189
Park, W. 2, 19
Park, Y. 36
Patterson, D. 53, 227, 232
Pattanaik, C. 215, 223, 224, 225, 226, 227, 239
Pazarbasioglu, C. 3
Pejovich, S. 70
Perkins, D. 53
political system and effects on economy 75–101
assessment criteria 78–80
authoritarian regimes and economic development (1962–87) 87–9, 90
authoritarian regimes and economic performance 76–8
and chaebols 88
and Confucian values 83, 84
Constitution and government 81–3, 91–2, 93
and corruption 90, 91, 92–3
and decision-making system 79
democracy and economic performance 22, 26, 28, 40, 77–80, 82, 85–6, 88–9
democratic regimes and economic development (from 1993) 89–94
economic impact 87–94
Economic Planning Board (EPB) 88
empirical studies' results 77–8
enterprise discipline and reward system 88
evolution of Korean politics 80–87
five-year economic plans 88, 89
judiciary 82, 91–2
large-scale social movements, prevalence of 85–7, 91
literature review and assessment criteria 76–80
local government powers 82–3
and nation's economic objectives 79
NGOs' role 85, 86, 91
paternalistic leadership 83–4, 90
'personality charisma' approach 84, 85
and policy consistency over time 79–80
and political conflict 91–3
political pledges and reality, gap between 86–7
and political trust 86–7
power concentration 84
and private property rights 82, 88
and property prices 91
property rights and authoritarian regimes 76
protest activities 86–7
reform to pluralistic democracy 4, 7, 26, 29
regionalism 84–5, 91
salient characteristics 83–7
and transaction costs 88
and US beef import ban 86, 93
and veto powers 79–80
and 'voting along regional lines' 85
wage levels 88, 89
and wealth distribution 91
Poon, J. 127
Index

population demographics 4, 29, 30, 41, 64, 308–9, 319–22
private property rights 59, 82, 88
private sector 26–7, 35, 42, 93, 108, 123, 124
Przeworski, A. 76, 77, 78, 97
public sector and regulatory reforms 36–7, 276–303
Administrative Procedure Act 280, 284
administrative reforms 280–91
Anti-Corruption Act 283
Basic Act on Administrative Regulation (BAAR) 291–3, 295
budgetary reforms 282, 285, 289
Business Difficulties Resolution Center (BDRC) 293
civil servant accountability and performance 282–3, 288
civil servant numbers 284, 288
Civil Service Commission (CSC) 282, 286
corporate start-up costs and procedures 297–8
competition policy 294
consistency, lack of 285–6, 289, 290, 297
corruption prevention 283, 289–90
credibility, loss of 286
criteria for good public governance 277–80
cultural changes, need for 296
deregulation 293
economic freedom and excessive regulations 297
effectiveness of 278, 285, 286–8, 290, 294–5
efficiency of 278, 282–4, 288–9, 290
elimination and consolidation of redundant functions 281
entrepreneurship regulatory barriers 297
and global regulatory quality 297, 298
Government Information Disclosure Act 283
government managerial reforms 282–4
government structural reforms 280–81
government 'total operational expense system' 282
and Index of Economic Freedom 290, 297
information provision, suggested improvement of 295
Internet and e-government 283, 284, 295
and investment disincentives 289
and local government 295
and management consultants 284
market harmonization with international standards, requirement for 298–9
ministries, suggested role of individual 294–5
non-government stakeholders, improving cooperation of 295
participatory government 284, 290–91
pay scales and incentives 282, 288–9
political stability and lack of violence 289
and predictability 278, 289, 290
and privatization 42
product market regulations 297, 298
public expenditure to GDP ratio 288
and public participation 278–9, 284, 285, 290, 295
public support, loss of 286
regional dispersal 284
Regulatory Impact Analysis (RIA) 291, 292, 296
Regulatory Reform Committee (RRC) 291, 292–3, 294–6
Regulatory Reform Committee (RRC), suggested jurisdiction expansion 295–6
regulatory reform and deregulation 291–9
regulatory reform evaluation 294–6
regulatory reform management system 291–3
regulatory reform progress 293–4
regulatory reform, suggested systematic review 296
Regulatory Reform Task Force (RRTF) 293, 294
regulatory regime, comparative evaluation 296–9
Regulatory Review Committee 286
service delivery transfer 281
social and economic policies, reinforcement of 281
and social welfare 288
structural and managerial reforms, evaluation of 285–91
and Sunset Clause 34, 296
and transparency 278, 282, 283, 289–90, 293, 297
workforce reduction 281, 282
World Bank government effectiveness scores 286–7
Putman, R. 70
Pye, L. 53, 70
R&D see innovation
Rao, V. 76
regulatory reforms see public sector and regulatory reforms
Rembrandt, S. 189
Rhee, P. 231
Rhee, Z. 216
Rodrik, D. 78
Roh, D. 351, 353
Roh Moo-hyun regime 31, 39, 62–1, 64, 81, 85, 86, 88–9, 90, 91–2
Peace and Prosperity Policy with North Korea 186, 202–3, 204
public sector and regulatory reforms 284, 285, 286, 288–9, 290, 293, 297
social welfare improvement 336–7, 342–3, 348
Vision 2030 plan 44
Roh Tae Woo regime 22
Saemaul Movement 58
SaKong, I. 52
Schumpeter, J. 51, 56
Scobell, A. 188, 200
Seliger, B. 197, 200
Seo, J.H. 254, 257, 271
Seong, S. 234
service sector 30, 36, 139–41
deregulation 119–20
entry and exit barriers 119
FDI share 163–4, 177
ICT R&D investment, lack of 124
liberalization 144, 153
trade policy 148–50, 297
see also trade policy in transition
Shadur, M. 233, 236
Shin, D.C. 97
Shin, D.M. 343, 347, 360
Shin, H. 226
Shin, K. 231
Singapore
business efficiency and corporate governance rankings 228, 229–30
competitiveness and FDI ranking 174
economic freedom levels 174
exports to Korea 138
ICT infrastructure 115
imports from Korea 136, 137
income distribution 119, 339
and Index of Economic Freedom 38
knowledge economy ratings 103, 111, 112
Korean FDI outflows 176
Korea–Singapore FTA 152, 153
national competitiveness measurement 265
trade barrier indicators (WEF) 151
trade freedom ranking 151
trade policy 150
trade-weighted tariff rate (WEF) 151
wage levels 319
Singh, A. 271
Sirowy, L. 77
SMEs see business sector, recent evolution, SMEs
Snyder, S. 186, 203
social welfare see income distribution
and social welfare policy
Sohn, C. 166
Song, B. 52, 53
Song, J.H. 116
Song, J.J. 236
Sonn, S. 108
Stangarone, T. 142, 152, 153, 157
state intervention 22–3
and authoritarianism 53
and banking sector 59
as cause of financial crisis 25–9, 31
and globalization 40
labour market reform 23, 36, 315
and private sector control 26–7, 35
reasons for success 23–5
regulatory reform shortcomings 36
Stern, J. 23
Stiglitz, J. 44, 45, 198, 199
Stockton, H. 97
Stoever, W. 170
Stradiotto, G. 210
Subrick, J. 78
Suh, J. 103, 122, 124, 127, 128
Summers, L. 40
Sweden
ICT infrastructure 115
income distribution 119
knowledge economy ratings 111, 112
public social expenditure 346
Switzerland, knowledge-based economy 118
Syngman Rhee regime 80
Tai, H. 51
Taiwan
business efficiency and corporate
governance rankings 228, 229–30
company start-up costs and procedures
297–8
competitiveness and FDI ranking 174
economic freedom levels 174
exports to Korea 138
imports from Korea 136, 137
income distribution 119, 339
and Index of Economic Freedom 38
knowledge economy ratings 103, 111, 112
manufacturing sector, labour unit cost
170
national competitiveness measurement
38, 265
R&D expenditure 123
trade barrier indicators (WEF) 151
trade freedom ranking 151
trade policy 150
trade-weighted tariff rate (WEF) 151
wage levels 319
Tan, H. 127
tariff and non-tariff barriers 23, 145–8,
150–51, 153
Thailand
company start-up costs and procedures
297–8
exports to Korea 138
imports from Korea 136
income distribution 119, 339
Thakor, A. 270
Thurbon, E. 169, 170, 182
Tiruneh, G. 78
Toloraya, G. 200–201
trade policy in transition 135–59
agricultural policy 146–8
and Chinese economic growth effects
141–2
comparative assessment 150–51
customs clearance process 151
domestic economic and institutional
environments, changes in 143
efficiency and FTAs 152–3
export product classification 138, 139–40, 144
export subsidy programmes 146, 148
export-driven strategy 135
and financial crisis (1997) 143, 144
financial support for farmers 148
FTA policy 152–4
and GATT 144
and global economic and trade
environment changes 141–3
import liberalization 144
imports 137, 138
imports by commodity 138–9, 140,
141, 146, 147, 148
and industrialization 143
and intellectual property rights 153
and international transactions 151
and knowledge-based economy 153
merchandise trade destination and
partners 136–9
political and social consensus
difficulties 153–4
and protectionism 151
recent changes 141–3
recent policy, assessment of 144–6
and regionalism 142–3
rice, import restrictions on 147, 148
service exports 139–40
service imports 140, 141, 150
service sector 139–41, 150
service sector and FDI 149
service sector liberalization 144, 153
service sector, low productivity in 149
service sector trade barriers 149–50
service sector trade policy 148–50,
297
and social conflict 143
tariff and non-tariff barriers 145–8,
150–51, 153
The Korean economy in transition

trade adjustment assistance programme, suggested 154
trade barrier indicators (WEF) 151
trade deficits 137
trade freedom ranking 150–51
trade liberalization 144
trade relations 136–41
trade-weighted tariff rate (WEF) 151
Uruguay Round commitments 145, 146, 147–8, 149
and US beef imports 153
see also foreign direct investment (FDI), inward and outward
trade unions see labour markets and industrial relations reforms
Transparency International (TI) 65, 66, 67, 173
Corruption Perception Index 290
Tu, W. 51

UK
business efficiency and corporate governance rankings 228, 229–30
ICT infrastructure 115
income distribution 119, 339
knowledge economy ratings 111, 112
Korean FDI outflows 176
ownership concentration 232
public social expenditure 346
tertiary education enrolment rate 312

US
banking concentration rate 251
banking sanctions on North Korea 187, 188
beef exports to Korea 86, 93, 153
business efficiency and corporate governance rankings 228, 229–30
company start-up costs and procedures 297–8
crime rates 64
debt–equity ratio 225
economic regulations to total number of regulations ratio 297
exports to Korea 137, 138
foreign borrowing 251
ICT infrastructure 115
imports from Korea 136, 137
income distribution 119, 339
interest coverage ratio 225
knowledge economy ratings 111, 112
Korean FDI outflows 176
Korea–US FTA 152, 153, 154
manufacturing sector, labour unit cost 170
ownership concentration 232
population ageing 309
public social expenditure 346
service exports 157
service sector, labour productivity 30, 149
tertiary education enrolment rate 312

Verba, S. 86
Vietnam, Korean FDI outflows 176–7

Weber, M. 50
Weede, E. 78
Weisbrod, B. 352
Weiss, L. 169, 170, 182
Weisse, B. 271
welfare see income distribution and social welfare policy
Westphal, L. 23
Whitley, R. 49
Wield, D. 128
Wilhelm, P. 39
Williamson, O. 5
Williamson, J. 44
Winder, A. 189
Woo, C. 127
World Bank
Doing Business index 111, 112
government effectiveness scores 286–7
Knowledge Economy Index 102–3, 110, 111–12, 116, 117, 118
Knowledge Index 110, 117, 118
World Economic Forum (WEF) 37, 65, 66, 67, 151, 173, 174
cross-country governance quality 279–80
Intellectual Property Protection Index 111, 112
national competitiveness measurement 265
World Trade Organization (WTO) 2, 40
Agreement on Subsidies and Countervailing Measures 146
Doha Development Agenda (DDA) 3, 142, 145, 148, 152
Index

GATT 144
Uruguay Round 145, 146, 147–8, 149

Yang, D. 225
Yang, J. 36, 276, 280, 281, 282, 283, 285, 292, 293, 300, 301
Yang, J.J. 347
Yeo, T. 144, 146, 149, 157
Yhee, S. 233, 234, 240
Yi, I. 26, 222, 246, 270
Yi, J. 52
Yoo, C. 144

Yoo, J. 120, 128
Yoon, B. 325
Yoon, C. 108
Yoon, D. 186, 191, 192, 198, 199, 201, 206, 209
Yoon, S. 351
Youn, T. 224, 226, 230
Yu, H. 142
Yuen, N. 102
Yun, S. 231

Zervos, S. 271