

The Korean Economy over 50 Years: The Changing Role of Korea in the Global Community

April 23rd, 2008

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I. Korean Economy: Then & Now

Korea's Socio-economic Development

In 1950s

- Unfavorable Environment
 - Damaged from the Korean war
 - Rural peasant economy
 - The highest density of people
- Per capita income of US\$ 79 (1960)
- Exports accounted for 3% of GDP
- Crucially dependent on foreign aid

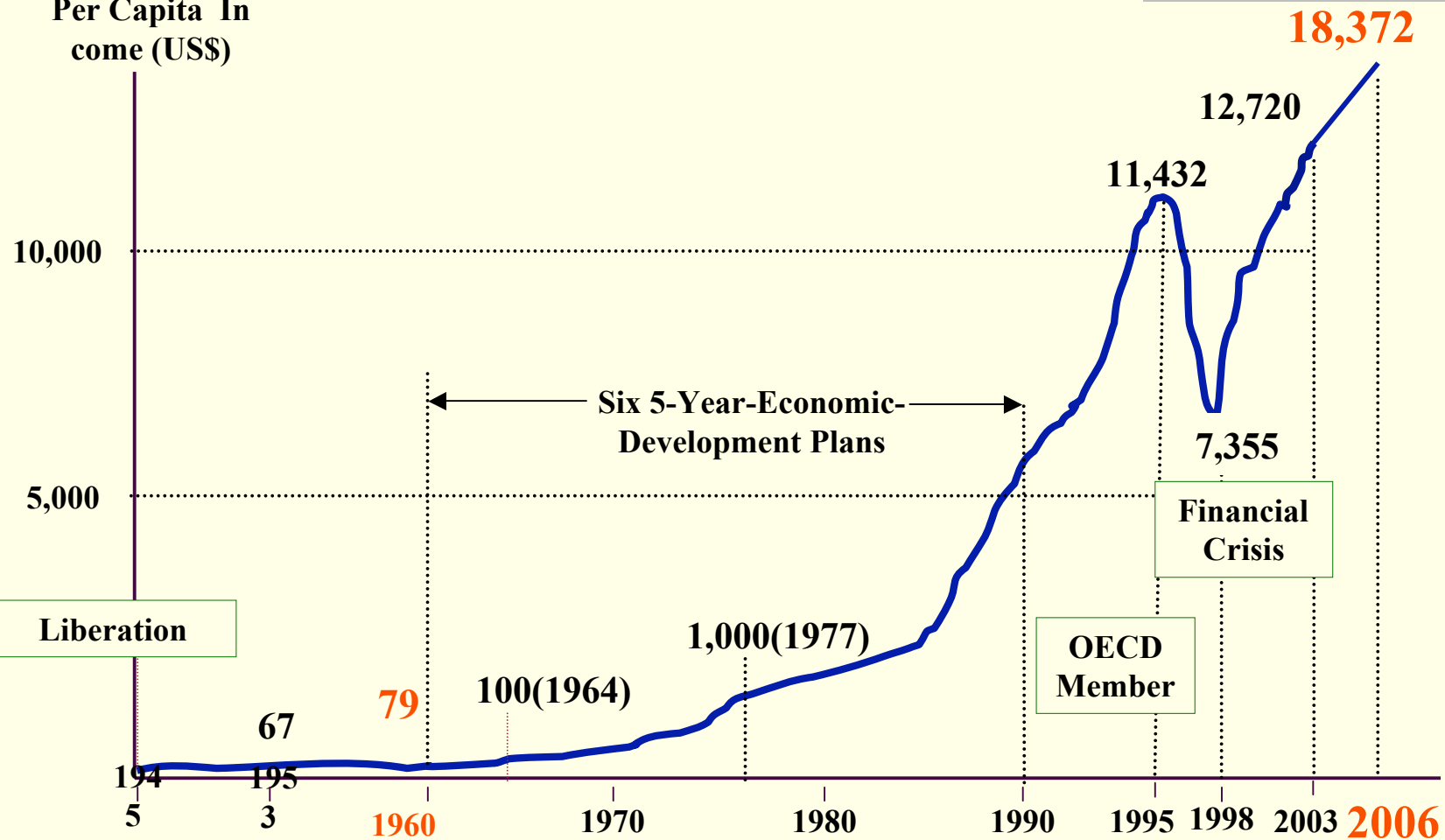
In 2005

- Per capita income of US\$ 16,308 (2005)
- One of the top ten economies in the world*
- Exports grew 30% a year for more than 30 years
- Dramatically improved quality of life

* Five economies are about the same size: Korea, India, Brazil, Mexico, Russia

I.1. Growth Performance: Past 50 Years

Per Capita Income (US\$)



I.2. Korean Economy in a Global Context

Rank	Country	Nominal GDP in 2005 (USD billions)	Population (Persons millions)	GDP per capita (USD)
1	U.S.	12,456	297	42,001
2	Japan	4,567	128	35,757
3	Germany	2,792	83	33,854
4	China*	2,234	1,308	1,709
5	U.K.	2,230	60	37,023
6	France	2,127	63	33,918
7	Italy	1,766	59	30,200
8	Canada	1,132	32	35,134
9	Spain	1,127	41	27,226
10	Brazil	796	184	4,320
11	South Korea	788	48	16,308
12	India	772	1,094	706**

*Excluding HK SAR and Macau, ** IMF staff estimates, Source: IMF, World Economic Outlook Database, September 2006

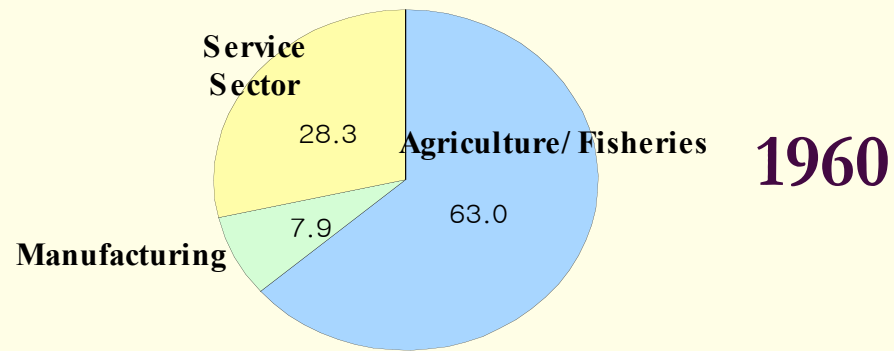
✧ Asia in the World Economy

Some Asian Countries, Then and Now						
Country	Nominal GDP (USD billions)			GDP per capita (USD)		
	1990	2005	% increase	1990	2005	% increase
Cambodia	0.90	6.23	593	106	450	324
Hong Kong	76.89	189.54	147	13368	27466	105
Indonesia	125.72	286.96	128	699	1309	87
Laos	0.87	2.89	231	211	487	131
Malaysia	44.03	130.84	197	2432	5042	107
Myanmar	2.79	12.15	336	68	219	221
Philippines	44.16	98.37	123	718	1154	61
Singapore	36.84	132.16	259	12091	29917	147
Taiwan	164.79	355.71	116	8077	15482	92
Vietnam	6.47	53.05	720	98	638	551

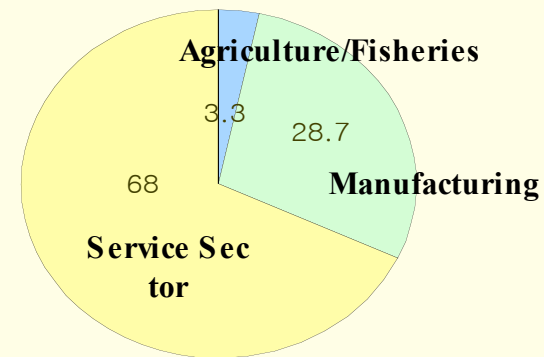
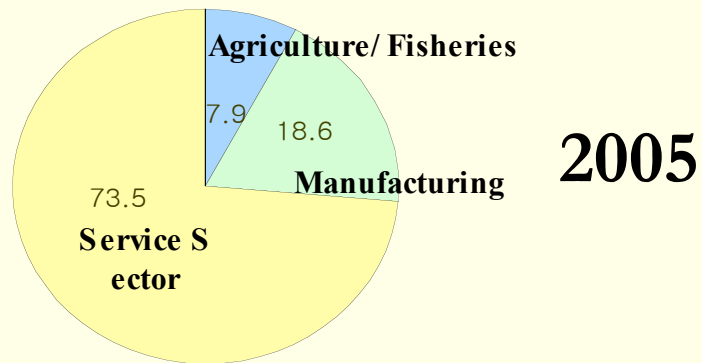
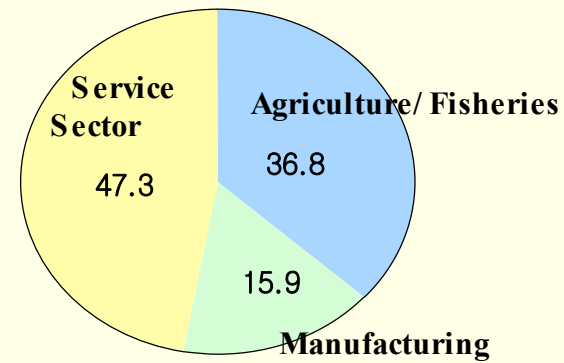
Source: IMF, World Economic Outlook Database, April 2007

II. Changes in Industrial Structure

Employment Structure



GDP Structure



III. Macroeconomic Policies

- ✓ **Economic Take-off with Outward-looking Strategy (1960~1980)**
 - Government-led development
 - Export-driven industrialization
 - HCI Drive in the 1970s
- ✓ **Changes in Development Strategy (1981~1997)**
 - Stabilization policy in the early 1980s
 - Market-oriented Reform
- ✓ **Financial Crisis in 1997 and the Swift Resolution (1998~1999)**
 - Some people say “blessing in disguise”
- ✓ **Paving the way for an Advanced Economy (Now)**

IV. Lessons from Korea's Experience

- ✓ **Importance of Sound Macroeconomic Policies**
- ✓ **Competition through Deregulation and Market Opening**
- ✓ **Building Good Institutional Environment**
- ✓ **Human Resources Development & Ownership**
- ✓ **Failure Stories as well as Success Stories**

V. The Changing Role of Korea in the Global Community

Success Factors	Before	Now
Foreign Aid	Recipient	Donor*
Technical Assistance	Building Capacity Overseas Training	Sharing Experience Receiving Trainees
Foreign Capital	User	Supplier
Favorable External Environment	One Small Member Country	One of the Major Players (Bridging Role)

* ODA (2005): Korea - 23rd, 0.09% of GDP (US\$ 15 per head), US - 21st, 0.2% of GDP among OECD countries

Thank You !