

Fall 2017 Syllabus
GPEC 485: The Korean Economy
Professor Munseob Lee (UC San Diego)

Course Schedule:

- Tuesday, Thursday 5:00 pm – 6:20 pm at RBC 3201

Office Hours:

- Monday 5 pm – 6 pm, Thursday 4 pm – 5 pm, by appointment

Course Materials:

(1) Required Reading

Eichengreen et al., 2015, [The Korean Economy: From a Miraculous Past to a Sustainable Future](#), Harvard East Asian Monographs 375. (in stock at UCSD Bookstore)

OECD, [OECD Economic Surveys: Korea 2016, overview](#)

IMF, [2016 Article IV Consultation: Republic of Korea](#)

(2) Optional Reading

Jones, 2016, [The Facts of Economic Growth](#), Chapter 1, *Handbook of Macroeconomics* Volume 2A

SaKong and Koh, 2010, [The Korean Economy: Six Decades of Growth and Development](#), Korea Development Institute

Additional reading list will be given during the class.

Course Objective:

This course is designed to provide students with analytical review of South Korea's economic performance. The class consists of three parts: (i) basic facts of economic growth, (ii) sixty decades of Korean economic growth, and (iii) contemporary economic issues in Korea.

A Note on Course Materials

The bulk of course materials will come from three sources: the lectures, the lecture slides, and the course readings. The lecture slides are my version of a text book. The slides will be posted as a PDF a day after I give the lecture. The slides will give a solid framework for the lectures, but are by no means a substitute for the lecture.

Course Grading (and grading policy):

Here is a breakdown of the grading for the course

60%	Final Project Presentation and Paper
30%	Two Assignments
10%	Class Participation

The first assignment will be given during classes on basic facts of economic growth. You will pick a country (*not* Korea) and describe some basic facts about its economic growth.

The second assignment will be given during classes on the contemporary economic issues in Korea. Your job will be explaining the most recent OECD Economic Surveys and IMF Article IV consultation to the CEO of a US multinational corporation.

For the final project, every students are required to give a 15 minute presentation in the class, and write 10 to 15 page research paper (not including tables and figures) on Korea's development experience. You will be asked to pick one topic from the "[Development Overview](#)" in K-Developia. The "Development Overview" provides a platform for the study of Korea's economic history. The main topics in Korea's development experience are categorized vertically into 6 areas; (1) economy, (2) industry and technology, (3) territorial development, and (4) social development, (5) government and law, (6) official aid, and horizontally into 4 time periods: (1) 1945-1959, (2) 1960-1979, (3) 1980-1997, and (4) 1998-present. Pick one topic, come up with original research idea under the topic, and submit two-page project proposal by Nov 9 in class. Every students will be asked to give 5 minute speech on the project idea. This speech is not graded, but it is a part of class participation.

Recommended Readings on Economic Growth

[Why states fail and how to rebuild them](#), Jan 7th 2017, *The Economist*

[The secret of their success](#), Feb 2nd 2013, *The Economist*

[No need to dig](#), Nov 1st 2013, *The Economist*

[The Trouble with GDP](#), Apr 30th 2016, *The Economist*

[Catching up with China](#), Oct 10th 2015, *The Economist*

[Counting the cost of living](#), May 11th 2013, *The Economist*

Short videos: [Resource Misallocation and Productive Growth](#), [The Global Energy Challenge](#), [Growth Challenges in Fragile States](#)

Short videos: [Bretton Woods to Brexit](#), [Analyze This! Interest Rates](#), [Analyze This! Inclusive Growth](#)

Ted talk: [Will automation take away all our jobs?](#)

Course Schedule and Outline

Basic Facts of Economic Growth

Sep 28 (Th): Why do economies grow? Inputs?

Jones, Section 1-3

Oct 3 (T): Uneven growth: spread of growth and distribution of income

Jones, Section 4-5

Oct 5 (Th): Uneven growth: spread of growth and distribution of income, continued

Guest Lecture by Jin Moon (subject specialist for Korean Studies at The Library UC San Diego) for the first 30-45 minutes on library resources

Sixty Decades of Korean Economic Growth

Oct 10 (T): The Growth of Korean Economy and the Role of Government

Eichengreen et al., Chapter 2, 3, and 5

SaKong and Koh, Chapter 2-3

Oct 12 (Th): The Growth of Korean Economy and the Role of Government, continued

Oct 17 (T): The Growth of Korean Economy and the Role of Government, continued

Oct 19 (Th): [GPS Event] The Trump Administration and North Korea

Location: Roth Auditorium at Sanford Consortium for Regenerative Medicine

Register here: <https://trump-and-north-korea.eventbrite.com/>

Oct 24 (T): International Economic Policy [**Assignment 1 due**]

Eichengreen et al., Chapter 4 and 7

SaKong and Koh, Chapter 4

Oct 26 (Th): International Economic Policy, continued

Oct 31 (T): International Economic Policy, continued

Nov 2 (Th): Social Development Policy

Eichengreen et al., Chapter 6

SaKong and Koh, Chapter 6

Nov 7 (T): Social Development Policy, continued

Nov 9 (Th): 5 minute speech on the final project idea [**Two-page Proposal due**]

Contemporary Economic Issues in Korea

Nov 14 (T): Key economic indicators

OECD, 2016

IMF, 2016

Nov 16 (Th): Productivity, innovation, the role of SME's

OECD, 2016

Nov 21 (T): Labor market and socially inclusive growth [**Assignment 2 due**]

OECD, 2016

Nov 23 (Th) – No Class, Thanksgiving

(Recommended podcasts, *NOT* part of course reading) [Planet Money](#) #796: [The Basic Income Experiment](#), #769: [Speed Dating for Economists](#), #768: [A Chat with Ben Bernanke](#)

Nov 28 (T): Korea's challenges on growth and inflation: parallels with Japan

IMF, 2016

Nov 30 (Th): Corporate debt and household debt

IMF, 2016

Dec 5 (T): Final Project Presentation

Dec 7 (Th): Final Project Presentation, continued

(Tentative) Dec 12 (T) 8 am – 11 am: Final Project Presentation, continued [**Final Paper due**]

Additional Reading List
GPEC 485: The Korean Economy
Professor Munseob Lee

0. Books on Korean Economic Growth

- Amsden, Alice H. (1989): *Asia's Next Giant: South Korea and Late Industrialization*, Oxford University Press
- Breen, Michael (2017): *The New Koreans: The Story of Nation*, Thomas Dunne Books
- Cummings, Bruce (2005): *Korea's Place in the Sun: A Modern History*, W. W. Norton
- Eichengreen, Barry, Wonhyuk Lim, Yung Chul Park and Dwight H. Perkins (2015): *The Korean Economy: From a Miraculous Past to a Sustainable Future*, Harvard East Asian Monographs 375.
- Moon, Chung-In and Jongryn Mo (1999): *Democratization and Globalization in Korea: Assessments and Prospects*, Yonsei University Press
- SaKong, Il and Youngsun Koh (2010): *The Korean Economy: Six Decades of Growth and Development*, Korea Development Institute
- Studwell, Joe (2014): *How Asia Works: Success and Failure in the World's Most Dynamic Region*, Grove Press: named by Bill Gates as one of his top books of the year
<https://www.gatesnotes.com/Books/How-Asia-Works>
- Sung, Keuk Je (2010): *Development Experience of the Korean Economy*, Kyung Hee University Press
- Tudor, Daniel (2012): *Korea: The Impossible Country*, Tuttle Publishing

1. Economic Growth of Korea and Industrial Policy

- Jeong, Hyeok (2016): "Assessment of Korea's Economic Growth Experience Through the Lens of Neoclassical Growth Model," *mimeo*, Seoul National University.
- Krugman, Paul (1994): "The myth of Asia's miracle." *Foreign affairs* pp. 62-78.
- Lane, Nathan (2017): "Manufacturing Revolutions: Industrial Policy and Networks in South Korea," *mimeo*, Massachusetts Institute of Technology.
- Liu, Ernest (2017): "Industrial Policies in Production Networks," *mimeo*, Massachusetts Institute of Technology.
- Rodrik, Dani (1995): "Getting Interventions Right: How South Korea and Taiwan Grew Rich," *Economic Policy* 10(20): 53–107.
- Rodrik Dani (1997): "The 'paradoxes' of the successful state," *European Economic Review* 41(3-5): 411–442.
- Rodrik, Dani (2005): "Growth strategies," In *Handbook of Economic Growth*, chapter 14, Aghion P, Durlauf SN (eds). Elsevier B.V.; North-Holland: Amsterdam, The Netherlands; 967–1014.
- Westphal, Larry E. (1990): "Industrial Policy in an Export-Propelled Economy: Lessons from South Korea's Experience," *Journal of Economic Perspectives* 4(3): 41-59.

2. Role of Institution

- Dell, Melissa, Nathan Lane, and Pablo Querubin (2017): "The Historical State, Local Collective Action, and Economic Development in Vietnam," *mimeo*, Harvard University
- Xu, Guo (2017): "The Costs of Patronage: Evidence from the British Empire," *mimeo*, University of California Berkeley
- Yang, Hyunjoo (2016): "Family Clans and Public Goods: Evidence from the New Village Beautification Project in South Korea," *mimeo*, Incheon National University

3. Social Development

- Lee, Yong Suk (2014): "Exams, districts, and intergenerational mobility: Evidence from South Korea," *Labour Economics* 29: 62-71.
- Moon, Katharine H.S. (2015): "South Korea's Demographic Changes and their Political Impact," *East Asia Policy Paper* 6, Center for East Asia Policy Studies at Brookings.

4. Resource Allocation and Economic Growth

- Hsieh, Chang-Tai, Erik Hurst, Charles I. Jones, Peter J. Klenow (2013): "The Allocation of Talent and U.S. Economic Growth," *NBER Working Paper Series* No. 18693
- Hsieh, Chang-Tai and Enrico Moretti (2017): "Housing Constraints and Spatial Misallocation," *NBER Working Paper Series* No. 21154
- Lee, Munseob (2017): "Government Purchases, Firm Growth and Industry Dynamics," *mimeo*, University of California San Diego.
- Lee, Munseob (2016): "Allocation of Female Talent and Cross-Country Productivity Differences," *mimeo*, University of Chicago.
- Schoenherr, David (2017): "Political Connections and Allocative Distortions," *mimeo*, Princeton University.

5. Growth of Resource-poor/rich Countries

- Lee, Munseob and Cheikh A. Gueye (2015): "Do Resource Windfalls Improve the Standard of Living in Sub-Saharan African Countries?: Evidence from a Panel of Countries," *IMF Working Paper* No. 15/83.
- Sachs, Jeffrey D. and Andrew M. Warner (1995): "Natural resource abundance and economic growth," *NBER Working Paper Series* No. 5398.
- Sokoloff, Kenneth L. and Stanley L. Engerman (2000): "History Lessons: Institutions, Factors Endowments, and Paths of Development in the New World," *Journal of Economic Perspectives* 14(3), pp.217-232.

6. Business Groups

- Almeida, Heitor, Sang Yong Park, Marti G. Subrahmanyam and Daniel Wolfenzon (2011): "The structure and formation of business groups: Evidence from Korean chaebols," *Journal of Financial Economics* 99(2): 447-475.
- Bae, Kee-Hong, Jun-Koo Kang, and Jin-Mo Kim (2002): "Tunneling or Value Added? Evidence from Mergers by Korean Business Groups," *Journal of Finance* 57(6): 2695-2740.
- Baek Jae-Seung, Jun-Koo Kang and Inmoo Lee (2006): "Business Groups and Tunneling: Evidence from Private Securities Offerings by Korean Chaebols," *Journal of Finance* 61(5): 2415-2449.
- Baek Jae-Seung, Jun-Koo Kang and Kyung Suh Park (2004): "Corporate governance and firm value: evidence from the Korean financial crisis," *Journal of Financial Economics* 71(2): 265-313.
- Haggard, Stephan, Wonhyuk Lim and Euysung Kim (2003): *Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol*, Cambridge University Press
- Joh, Sung Wook (2003): "Corporate governance and firm profitability: evidence from Korea before the economic crisis," *Journal of Financial Economics* 68(2): 287-322.
- Lemmon, Michael L. and Karl V. Lins (2003): "Ownership Structure, Corporate Governance, and Firm Value: Evidence from the East Asian Financial Crisis," *Journal of Finance* 58(4): 1445-1468.

7. Land Reform

- Galor, Oded, Omer Moav and Dietrich Vollrath (2009): Inequality in Landownership, the Emergence of Human-Capital Promoting Institutions, and the Great Divergence, *Review of Economic Studies* 76: 143-179.
- Jeon, Yoong-Deok and Young-Yong Kim (2000): Land Reform, Income Redistribution, and Agricultural Production in Korea, *Economic Development and Cultural Change* 48 (2): 253-268.

8. North Korean Economy

- Eberstadt, Nicholas (2007): *The North Korean Economy: Between Crisis & Catastrophe*, Transaction Publishers
- Haggard, Stephan and Marcus Noland (2017): *Hard Target: Sanctions, Inducements, and the Case of North Korea*, Studies in Asian Security, Stanford University Press
- Hastings, Justin V. (2016): *A Most Enterprising Country*, Cornell University Press
- Kim, Byung-Yeon (2017): *Unveiling the North Korean Economy: Collapse and Transition*, Cambridge University Press
- Moon, Ho Il (2011): "How big is the North Korean army? Evidence from missing population," VoxEU: <http://voxeu.org/article/how-big-north-korean-army-evidence-missing-population>

9. Harmonized Micro-Data

Gateway to Global Aging Data, <https://g2aging.org/>

Luxembourg Income Study Database <http://www.lisdatacenter.org/>