A Joint Conference of RCIE, AKES, and KDI

Korea and the World Economy, IV

University of Washington, Seattle, U.S.A
December 10-11, 2005

Organizers: SungTae Ro, President, Association of the Korean Economic Studies (AKES)
JungTaik Hyun, President, Korea Development Institute (KDI)
Kar-yiu Wong, Director, Research Center for International Economics (RCIE),
University of Washington

Organizing Units: Research Center for International Economics (RCIE)
Association of the Korean Economic Studies (AKES)
Korea Development Institute (KDI)

Sponsors: Consulate General of the Republic of Korea in Seattle
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# Program

## December 9, 2005

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<td>8:00 pm – 10:00 pm</td>
<td>Welcome Party, Best Western University Tower Hotel</td>
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## December 10, 2005

All sessions will be held in Walker Ames Room, Kane Hall, unless stated otherwise.

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<td>8:15 am – 9:00 am</td>
<td>Registration</td>
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<td>9:00 am – 9:15 am</td>
<td>Welcome Session</td>
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**Chair:** Taek-Dong Yeo, Yeungnam University

**SungTae Ro,** President, Association of the Korean Economic Studies (AKES)

**Jae-Gouk Kim,** Consul General, Consulate General of Republic of Korea, Seattle

**Kar-yiu Wong,** Director, Research Center for International Economics, University of Washington

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<tr>
<td>9:15 am – 10:45 am</td>
<td>Session I: The Korean Economy (I)</td>
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**Chair:** SungTae Ro, Association of the Korean Economic Studies

**Jong Won Lee,** Sungkyunkwan University, and **Byoung Gyu Yu,** Research Fellow Hyundai Research Institute, “An Endogenous Growth Model Approach to the Korean Economic Growth Factors”

**Discussant:** Yunfang Hu, Kobe University

**Chung Mo Koo,** Kangwon National University, “Fiscal Performance, Public Debt and Fiscal Consolidation in Korea”

**Discussant:** B. Michael Gilroy, University of Paderborn

**Stephen P. Magee,** University of Texas at Austin, “A Biological Model of Development and Democratization: Application to Korea”

**Discussant:** Jong Won Lee, Sungkyunkwan University

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<th>Time</th>
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<td>10:45 am – 11:00 am</td>
<td>Coffee Break</td>
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11:00 am – 12:30 pm  **Session II: Korea’s External Relations**

*Chair: Fumiko Takeda*, University of Tokyo

**SaangJoon Baak**, Waseda University, “The Effect of the Chinese Renminbi on the Korean Exports to Japan”  
*Discussant: Young-Jae Kim*, Pusan National University

**Yaowu Song**, Harbin Institute of Technology, “Comparative Study on Hydrogen Economy Policy of China and Korea”  
*Discussant: Choon Keun Lee*, Dae-Gyeong Research Institute and University of Washington

**Kiheung Kim**, Kyonggi University, “Economic Impact of Forming Korea-ASEAN Free Trade Agreements: The case of IT Industries”  
*Discussant: Hyundo Ahn*, KIEP and University of Washington

12:30 pm – 2:00 pm  **Lunch**

2:00 pm – 3:30 pm  **Session III: International Trade**

*Chair: Young-Jae Kim*, Pusan National University

**Toru Kikuchi**, Kobe University and Chiharu Kobayashi, “Network Externalities, Competition, and Trade: East Asian Perspectives”  
*Discussant: Elaina Rose*, University of Washington

**Koji Shimomura** and **Kenji Fujiwara**, Kobe University, and **Elias Dinopoulos**, University of Florida, “International Trade Patterns under Quasi-Linear Preferences”  
*Discussant: Kar-yiu Wong*, University of Washington

**Kiyoun Sohn**, University of Incheon, and **Taek Dong Yeo**, Yeungnam University, “Does the international trade help to enhance national security?”  
*Discussant: Toru Kikuchi*, Kobe University

3:30 pm – 3:45 pm  **Coffee Break**

3:45 pm – 5:15 pm  **Session IV: International Finance (I)**

*Chair: Chung Mo Koo*, Kangwon National University

**Joshua Aizenman**, University of California at Santa Cruz, **Yeonho Lee**, Chungbuk National University, and **Youngseop Rhee**, Sookmyung Women’s University, “International reserves management and capital mobility in a volatile world: Policy considerations and a case study of Korea”  
*Discussant: Theo Eicher*, University of Washington
Jaerang Lee and Byung Chang Yi, Bank of Korea, “Industry Level Real Effective Exchange Rates for Korea”

Discussant: Eiji Ogawa, Hitotsubashi University

Insill Yi, National Assembly Budget Office, “Market Structure and Business Diversification in the Financial Sector”

Discussant: SangDon Lee, Korea Research Institute for Vocational Education and Training

6:00 pm – 9:00 pm  Dinner
8:30 am – 9:00 am  Reception

9:00 am – 10:30 am  Session V: *International Finance (II)*

*Chair: Taek-Dong Yeo,* Yeungnam University

*Thomas D. Willett,* Claremont College, and *Yongbok Kim,* Claremont Graduate University, “Assessing Korea’s Post Crisis Managed Float”

*Discussant: Yeonho Lee,* Chungbuk National University

*Eiji Ogawa,* Hitotsubashi University and *Kentaro Kawasaki,* Toyo University, “Adopting the common basket peg arrangement into ‘ASEAN plus three’”

*Discussant: Thomas D. Willett,* Claremont College

*Changkyu Choi,* Myongji University, and *Shang-Jin Wei,* IMF, “Currency Blocs and Cross-Border Investment”

*Discussant: Robert Dekle,* University of Southern California

10:30 am – 10:45 am  Coffee Break

10:45 am – 12:15 pm  Session VI: *Banks and Taxation*

*Chair: Dongkoo Chang,* Bank of Korea

*John P. Bonin* and *Masami Imai,* Wesleyan University, “Soft Related Lending: A Tale of Two Korean Banks”

*Discussant: Joshua Aizenman,* University of California at Santa Cruz

*Kimie Harada,* Chuo University, “Measuring the Efficiency of Banks: Successful Mergers in the Korean Banking Sector”

*Discussant: Sung Tai Kim,* Chongju University


*Discussant: Judith Thornton,* University of Washington

12:15 pm – 1:30 pm  Lunch
1:30 pm – 3:00 pm  
**Session VII: The Korean Economy (II)**

*Chair: SaangJoon Baak*, Waseda University

**B. Michael Gilroy** and **Elmar Lukas**, University of Paderborn, “On the Dynamics of Innovative Strategic Alliances in Korea”

*Discussant: Jian Xu*, Lyon College

**Dongkoo Chang** and **Youngjun Choi**, Bank of Korea, “An analysis of Brisk Exports and Sluggish Domestic Demand Using a Nontradables Model: The Case of Korea”

*Discussant: Changkyu Choi*, Myongji University

**Hangyong Lee**, Korea Development Institute, “The Impacts of Uncertainty on Investment in Korean Manufacturing Sector”

*Discussant: Elmar Lukas*, University of Paderborn

3:00 pm – 3:15 pm  
**Coffee Break**

3:15 pm – 4:45 pm  
**Session VIII: Korea in Asia**

*Chair: Young Man Yoon*, Incheon University

**Slavi T. Slavov**, Pomona College, “Should Small Open Economies in East Asia Keep All Their Eggs in One Basket?”

*Discussant: Jenny Xu*, Simon Fraser University

**Fumiko Takeda**, University of Tokyo, and **Katsumi Matsuura**, Hiroshima University, “Trade and Environment in East Asia: Examining the Linkages with Japan and the USA”

*Discussant: Jaerang Lee*, Bank of Korea

**Thomas W. Roehl**, Western Washington University, and **Soonkyoo Choe**, Yonsei University, “What to Shed and What to Keep: the Divestiture and Consolidation Decisions of Korean Chaebol Groups after the Asian Crisis”

*Discussant: Insill Yi*, National Assembly Budget Office

4:45 pm – 4:50 pm  
**Closing Session**

**Kar-yiu Wong**, University of Washington