

# Korea and the World Economy, VII

June 20-21, 2008, Seoul and Chuncheon, Korea

## Overview of the Conference

### Friday, June 20, 2008

Venue: Korea Institute of Public Finance, Seoul

- 08:30-09:00 Registration
- 09:00-10:30 Session 1: Economic Integration I (Auditorium, 1st floor)  
Session 2: Macroeconomic Behavior (Seminar room, 1st floor)  
Session 3: Tax and Industry (Seminar room, 9th floor)
- 10:30-10:45 Coffee Break
- 10:45-12:15 Plenary Session I: Tax Reform in the Asia-Pacific (Auditorium, 1st floor)  
(Organized by Korea Institute of Public Finance)  
Session 4: Banking (Seminar room, 1st floor)
- 12:15-13:30 Lunch
- 13:30-14:00 Welcome and Best Paper Award Ceremonies (Auditorium, 1st floor)
- 14:15-15:45 Session 5: Trade and Industry (Auditorium, 1st floor)  
Session 6: Financial Market (Seminar room, 1st floor)  
Session 7: Economic Integration II (Seminar room, 9th floor)
- 15:45-16:00 Coffee Break
- 16:00-17:30 Session 8: Economic Growth (Auditorium, 1st floor)  
Session 9: Globalization I (Seminar room, 1st floor)  
Session 10: Economic Integration III (Seminar room, 9th floor)
- 18:00-20:00 Dinner and Dinner Speech (Seoul Olympic Parktel)

### Saturday, June 21, 2008

Venue: 60th Anniversary Hall, Kangwon National University, Chuncheon

- 13:30-15:00 Session 11: Trade Policy (International Conference Room)  
Session 12: Globalization II (Room 110)  
Session 13: Political Economy (Room 111)
- 15:00-15:15 Coffee Break
- 15:15-16:45 Session 14: Economic Integration IV (International Conference Room)  
Session 15: Economic Development (Room 110)  
Session 16: Productivity in East Asia (Room 111)
- 16:45-17:00 Coffee Break
- 17:00-18:30 Plenary Session II: Official Development Assistance  
(International Conference Room)  
(Jointly organized by Korea Development Institute and Asia-Pacific Cooperation Academy)
- 18:30-18:40 Closing Session
- 19:00-21:00 Dinner

# Program

Friday, June 20, 2008

Venue: Korea Institute of Public Finance, Seoul

08:30-09:00 **Registration**

09:00-10:30 **Session 1: Economic Integration I**

Moderator: **Fukunari Kimura** (Keio University, Japan)

[Regional Economic Integration: Markets vs. Policies](#)

**Sven Arndt** (Claremont McKenna College, USA)

Discussant: **Chul Chung** (Korea Institute for International Economic Policy)

[Price Shocks and Macroeconomic Adjustment for a Resource Exporter: Some preliminary results](#)

Grant M. Cox (University of Wollongong, Australia) and **Charles Harvie** (University of Wollongong, Australia)

Discussant: **Moonsung Kang** (Korea University)

[External Adjustments and Integration in East Asia](#)

**Eiji Ogawa** (Hitotsubashi University, Japan) and Kentaro Iwatsubo (Kobe University, Japan)

Discussant: **Xiaoning Ni** (Beijing International Studies University, China)

**Session 2: Macroeconomic Behavior**

Moderator: **Hee Yon Song** (Asia Development Institute)

[The Estimation of Savings Function by Income Classes: A Case of Korea](#)

**Sung-ho Kang** (National Pension Research Institute, Korea) and Byung-In Lim (Chungbuk University, Korea)

Discussant: **Changik Jo** (Hallymm University, Korea)

[Co-movement of Housing Business Cycle across Korean Cities and Monetary Policy](#)

**Joonhyuk Song** (Korea Development Institute)

Discussant: **Seokjin Woo** (Korea Institute of Public Finance)

[Does Industrial Composition Affect the Consumption Risk Sharing in the US?](#)

Jaehwa Lee (Dongguk University, Korea) and **Jeongseok Song** (Chung-Ang University, Korea)

Discussant: **Hosin Song** (Korea Institute of Public Finance)

**Session 3: Tax and Industry**

Moderator: **Joo-Sung Jun** (Ewha Women's University, Korea)

[The Difference between Statutory Tax and Real Tax Burden:](#)

[The Case of Korea](#)

**Jin Kwon Hyun** (Ajou University, Korea), Seung-Hoon Jeon (National Assembly Budget Office, Korea) and Byung-In Lim (Chungbuk National University, Korea)

Discussant: **Chong Bum An** (Sungkyunkwan University, Korea)

[How to Succeed without Really Flying: A Comparative Analysis of the Aerospace Industry in Japan and South Korea](#)

Gamal Ibrahim (Nottingham Trent University, UK), David Smith Nottingham Trent University, UK) and **Michael Zhang** (Nottingham Trent University, UK)

Discussant: **Yushi Yoshida** (Kyushu Sangyo University, Japan)

[The Impact of the Salary Cap on Competitive Balance- In the Case of Korean Baseball League-](#)

**Chi-Ung Song** (Science and Technology Research Institute, Korea) and

Won Soon Kwon (Hankuk University of Foreign Studies, Korea)

Discussant: **Jiyoung Kim** (Korea Institute of Public Finance)

10:30-10:45 **Coffee Break**

10:45-12:15 **Plenary Session I: Tax Reform in the Asia-Pacific**

(Organized by Korea Institute of Public Finance)

Moderator: **Wonik Son** (Korea Institute of Public Finance)

[Recent Tax Reform in Australia: An Examination from a Tax Policy Perspective](#)

**Binh Tran-Nam** (ATAX, Australia)

Discussant: **Jin Kim** (Korea Institute of Public Finance)

[Cross-Sector Tax Discrimination and Economic Performance: A Cross-Country Analysis](#)

**Young Lee** (Hanyang University, Korea), Taeyoon Sung (Yonsei University, Korea), and Taejong Kim (KDI School of Public Policy and Management, Korea)

Discussant: **Binh Tran-Nam** (ATAX, Australia)

[Inheritance and Gift Taxes in Korea: Overview and Empirical Result](#)

**Jin Kim** (Korea Institute of Public Finance)

Discussant: **Young Lee** (Hanyang University, Korea)

#### **Session 4: Banking**

Moderator: **Sung Tae Ro** (Korea Life Insurance Economic Research Institute)

[Did Mergers Help Japanese Mega-Banks Avoid Failures? Analysis of the Distance to Default of Banks](#)

**Kimie Harada** (Chuo University, Japan) and Takatoshi Ito (University of Tokyo, Japan)

Discussant: **Won Joong Kim** (Korea Information Society Development Institute)

[Multiple Structural Breaks in Korea's Macroeconomic Data: An Application of the Lumsdaine and Papell Test](#)

Mosayeb Pahlavani (University of Sistan and Baluchistan, Iran) and

**Charles Harvie** (University of Wollongong, Australia)

Discussant: **Seoghoon Kang** (Sungshin Women's University, Korea)

[Banking Crises, Deposit Insurance, and Market Discipline: Lessons from the Asian Crisis](#)

**Kaoru Hosono** (Gakushuin University, Japan), Hiroko Iwaki (Development Bank of Japan) and Kotaro Tsuru (Research Institute of Economy, Trade and Industry, Japan)

Discussant: **Woosik Moon** (Seoul National University, Korea)

12:15-13:30 **Lunch**

13:30-14:00 **Welcome and Best Paper Award Ceremonies**

Moderator: **Hyun-Hoon Lee** (Kangwon National University, Korea)

#### **Remarks by Hosts**

**Chung Mo Koo** (President, Association of the Korean Economic Studies)

**Beom Gyo Hong** (Acting President, Korea Institute of Public Finance)

**Kar-yiu Wong** (Director, Research Center for International Economics)

#### **2008 Best Paper of The Journal of the Korean Economy**

**Yung Joon Lee · Ky-hyang Yuhn · Dae-Shik Lee**, "Endogenous Growth and Agglomeration Economies in Korean Manufacturing," Vol 8, No 2, pp. 237~259.

#### **Congratulatory Remark**

**Hak-Su Kim** (Formerly Executive Secretary, UNESCAP)

14:15-15:45 **Session 5: Trade and Industry**

Moderator: **Jong Won Lee** (Sungkyunkwan University, Korea)

[International Production/Distribution Networks in East Asia and Domestic Operations: Evidences](#)

[from Japanese Firms](#)

**Mitsuyo Ando** (Keio University, Japan) and Fukunari Kimura (Keio University, Japan)

Discussant: **Sven Arndt** (Claremont McKenna College, USA)

[Outsourcing and Import Restriction Policies](#)

Kai-Hsi Chu (University of Washington, USA) and **Kar-yiu Wong** (University of Washington, USA)

Discussant: **Christopher Ellis** (University of Oregon, USA)

[Exports to China and Growth of Korean Manufacturing Industries: The Role of Capital Goods and Intermediate Goods](#)

**Yong-Seok Choi** (Kyunghee University, Korea) and Chin-Hee Han (Korea Development Institute)

Discussant: **Shunli Yao** (University of International Business and Economics, China)

**Session 6: Financial Market**

Moderator: **Jong-Seok Kim** (Korea Economic Research Institute)

[Non-Periodic Cycles and Long Memory Property in the Korean Stock Market](#)

**Sang Hoon Kang** (Pukyung University, Korea) and Seong-Min Yoon (Pusan National University, Korea)

Discussant: **Shin-ichi Fukuda** (University of Tokyo, Japan)

[Capital Flows and Demographics—An Asian Perspective](#)

**Erik Lueth** (International Monetary Fund)

Discussant: **Kwanho Shin** (Korea University)

[A New Approach of Cointegration Test Checking Long-Run Equilibrium and Stationarity of Adjustment Process Separately](#)

**Yun-Yeong Kim** (Bank of Korea)

Discussant: **Woo Cheol Kim** (Korea Institute of Public Finance)

**Session 7: Economic Integration II**

Moderator: **Kiheung Kim** (Kyonggi University, Korea)

[Trade Area of the Americas: Fiscal Implications for Twelve Latin American Countries](#)

**Paunovic Igor** (UN ECLAC)

Discussant: **Donghyun Park** (Asia Development Bank)

[FTA Influence on Trade Creation and Diversion by Regional Blocks](#)

**Keembiya Nandasiri** (University of Ruhuna, Sri Lanka) and Jung Hur (National University of Singapore)

Discussant: **Hyun-Hoon Lee** (Kangwon National University, Korea)

[Impact of the EU' Eastward Enlargement on New and Old Member States](#)

**Yoji Koyama** (Niigata University, Japan)

Discussant: **Paunovic Igor** (UN ECLAC)

15:45-16:00 **Coffee Break**

16:00-17:30 **Session 8: Economic Growth**

Moderator: **Kar-yiu Wong** (University of Washington, USA)

[On the Dynamic Characteristics of the Open Harris-Todaro Model](#)

**Tadashi Inoue** (Hiroshima Shudo University, Japan)

Discussant: **Chul-In Lee** (Sungkyunkwan University, Korea)

[Migration, Unemployment, and Growth Through Urban Agglomeration: A Harris-Todaro Growth Model](#)

**Chul-In Lee** (Sungkyunkwan University, Korea)  
Discussant: **Tadashi Inoue** (Hiroshima Shudo University, Japan)

[What is an Oil Shock? Panel Data Evidence](#)

**Dong Heon Kim** (Korea University and University of Manchester, UK)  
Discussant: **Yun-Yeong Kim** (Bank of Korea)

### **Session 9: Globalization I**

Moderator: **Eui Soon Shin** (Yonsei University, Korea)

[Globalization and the Sustainability of Large Current Account Imbalances: Size Matters](#)

**Joshua Aizenman** (University California, Santa Cruz, USA) and Yi Sun (University California, Santa Cruz, USA)  
Discussant: **Bonghan Kim** (Konju University, Korea)

[Macroeconomic Impacts of Foreign Exchange Reserve Accumulation: A Theory and Some International Evidence](#)

**Shin-ichi Fukuda** (University of Tokyo, Japan) and Yoshifumi Kon (University of Tokyo, Japan)  
Discussant: **Kyuil Chung** (Bank of Korea)

[Foreign Reserve Hoarding and Risk of Greater Foreign Trade Dependence](#)

Jie Li (Central University of Economics and Finance, China), **Wukuang Cun** (Central University of Economics and Finance, China) Ramkishen Rajan (George Mason University, USA)  
Discussant: **Joshua Aizenman** (University of California, Santa Cruz, USA)

### **Session 10: Economic Integration III**

Moderator: **Inchul Kim** (Sungkyunkwan University, Korea)

[FTA Negotiations in Asia-Pacific Region: An Empirical Study on the Determinants of FTA among the Bilateral Trading Partners](#)

**Ruwan Jayathilaka** (Institute of Policy Studies, Sri Lanka) and Keembiya Nandasiri (University of Ruhuna, Sri Lanka)  
Discussant: **Yoon Heo** (Sogang University, Korea)

[Thailand's Openness and Implications on Economic and Trade Policy: An Econometric Study](#)

**Thanet Wattanakul** (Victoria University, Australia)  
Discussant: **Innwon Park** (Korea University, Korea)

[Capital Outflows, Sovereign Wealth Funds, and Domestic Financial Instability in Developing Asia](#)

**Donghyun Park** (Asia Development Bank)  
Discussant: **Xiaoning Ni** (Beijing International Studies University, China)

18:00-20:00

### **Dinner - Seoul Olympic Parktel**

#### **Dinner Speech**

Moderator: **Won Ik Son** (Korea Institute of Public Finance)  
Korean Economic Development: Achievement and Challenges  
Speaker: **Hee-Beom Lee** (President, Korea International Trade Association)

**Saturday, June 21, 2008**

Venue: Kangwon National University, Chuncheon

13:30-15:00

### **Session 11: Trade Policy**

Moderator: **Se Young Ahn** (Sogang University, Korea)

[Intra-Industry Trade: Vertical Intra-Industry Trade or Intra-Firm Trade](#)

**Yushi Yoshida** (Kyushu Sangyo University, Japan)

Discussant: **Taegi Kim** (Chonnam University, Korea)

[A Note on VIE and Import Subsidy](#)

**Masao Oda** (Ritsumeikan University, Japan)

Discussant: **Taek-Dong Yeo** (Yeungnam University, Korea)

[Trade, Democracy, and the Gravity Equation](#)

**Miaojie Yu** (China Center for Economic Research, China)

Discussant: **Shi Young Lee** (Chung-Ang University, Korea)

## **Session 12: Globalization II**

Moderator: **Hong Taik Chun** (Korea Development Institute)

[A Globally Consistent Framework for Reliability-based Trade: Statistics](#)

[Reconciliation in the Presence of an Entrepot](#)

Zhi Wang (United States International Trade Commission), Mark Gehlhar (United States Department of Agriculture), and **Shunli Yao** (University of International Business and Economics, China)

Discussant: **Hongyul Han** (Hanyang University, Korea)

[A Dynamic Analysis of Economic Liberalizations and Income Convergence in East Asia: A](#)

[Difference-in-Differences Approach](#)

**Seyed Komail Tayebi** (University of Isfahan, Iran)

Discussant: **Yeonho Lee** (Chungbuk University, Korea)

[Empirical Estimates of Transportation Costs: Option for Enhancing Korea's Trade in the Second Era of Globalisation](#)

Prabir De (Research and Information System for Developing Countries, India) and **Soon Cheul Lee** (Korea Institute for International Economic Policy)

Discussant: **Hong Taik Chun** (Korea Development Institute)

## **Session 13: Political Economy**

Moderator: **Suk Jae Noh** (Hallym University, Korea)

[Democratic Errors](#)

**Christopher Ellis** (University of Oregon, USA) and John Fender

Discussant: **In-Gyu Kim** (Hallym University, Korea)

[Immigration Conflicts](#)

Junko Doi (Kansai University) and **Laixun Zhao** (Kobe University, Japan)

Discussant: **Jae-Young Lim** (Korea University, Korea)

[South Korea, Japan and China: Exchange Rate Regime Change, its Effect](#)

[and Policy Suggestions](#)

**Xiaoning Ni** (Beijing International Studies University, China) and Chen Chen (Beijing International Studies University, China)

Discussant: **Sung Hwan Choi** (Korea Life Insurance Economic Research Institute)

15:00-15:15 **Coffee Break**

15:15-16:45 **Session 14: Economic Integration IV**

Moderator: **Young Youn Lee** (Kangwon National University, Korea)

[Effects of the China-Korea Free Trade Agreement](#)

**Junfang (Emma) Xi** (Shanghai Jiaotong University, China)

Discussant: **Hankyung Sung** (Korea Institute for International Economic

Policy)

[Australia–Korea Free Trade Agreement: Substantive Causal Empirics and Political Economy](#)

**Tran Van Hoa** (Victoria University, Australia)

Discussant: **Hong Sik Lee** (Inha University, Korea)

### **Session 15: Economic Development**

Moderator: **Yongkyun Chung** (Kangwon National University, Korea)

[Lebanon Post Paris III – Macroeconomic Outcomes from Donor Funding](#)

Grant M. Cox (University of Wollongong, Australia), **Charles Harvie** (University of Wollongong, Australia), and Ali S. Saleh (Victoria University, Australia)

Discussant: **Yoonjae Lee** (Soongsil University, Korea)

[Tradable Emission Permits, Environmental Maintenance and Applied Overlapping Generations General Equilibrium Model](#)

**Jules Eric Tchouto** (University of Rouen, France)

Discussant: **Uk Hwang** (Korea Environment Institute, Korea)

### **Session 16: Productivity in East Asia**

Moderator: **Insill Lee** (Sogang University, Korea)

[The Breakdown of TFP in the ASEAN 5 Economies](#)

**Geeta Krishnasamy** (Multimedia University, Malaysia) and Elsadig Musa Ahmed (Multimedia University, Malaysia)

Discussant: **Changsu Park** (Soongsil University, Korea)

[Firms' Productivity, Imperfect Competition, and Trade Liberalization in China](#)

**Miaojie Yu** (China Center for Economic Research, China)

Discussant: **Chan Hyun Sohn** (Kangwon National University, Korea)

16:45-17:00 **Coffee Break**

17:30-18:30 **Plenary Session II: Official Development Assistance -- Korea and the Developing Countries**  
(Jointly organized by Korea Development Institute and Asia-Pacific Cooperation Academy)

Moderator: **Hak-Su Kim** (Asia-Pacific Cooperation Academy of Kangwon National University, former Executive Secretary, UNESCAP)

[Korea's ODA Strategy & Activities on Poverty Reduction: Case of KOICA](#)

**Hyun-sik Chang** (Korea International Cooperation Agency)

Discussant: **Tran Van Hoa** (Victoria University, Australia)

[The Development Assistance Debate: What Does It Mean for Korea's ODA Program?](#)

**Edward Reed** (Asia Foundation)

Discussant: **Ki-Whan Chung** (Korea Rural Economic Institute and Asia-Pacific Cooperation Academy, Korea)

[Short and Long Run Effects of Foreign Aid on Economic Growth](#)

**Yunfang Hu** (Tohoku University, Japan)

Discussant: **Siwook Lee** (Korea Development Institute, Korea)

18:30-18:45 **Closing Session**

Moderator: **Hyun-Hoon Lee** (Kangwon National University, Korea)

19:00-21:00 **Dinner - Santorini**

