

Contents

<i>Co-Directors' Foreword</i>	xvi
<i>Acknowledgments</i>	xix
<i>Principal Dates and Historical Events in South Korea</i>	xxi
Chapter 1: Introduction	1
Notes	5
Chapter 2: Economic Growth in South Korea since World War II	6
Economic Disorganization Following Liberation	6
Economic Growth and Trade, 1946 to 1953	8
Post-Korean War Reconstruction	11
Military Government, 1961 to 1963	13
Civilian Government and Economic Reform, 1964 to 1966	18
Continuation of Rapid Growth, 1967 to 1971	19
Slowdown, 1971 to 1972, New Reforms, and Recovery, 1973	21
Notes	23

Chapter 3: Development of the Trading and Exchange Rate System: Phase I, 1945 to 1953, and Phase II, 1953 to 1960	25
Development of the Barter System, 1946 to 1953	26
The Bank of Korea, 1950	27
Exchange Rates, 1945 to 1963	28
Allocation of Foreign Exchange and Multiple Rates, 1952 to 1960	29
Tariffs	36
Import Controls	37
Export Promotion	38
End of an Era	41
Notes	41
Chapter 4: Two Liberalization Episodes and Their Short-Term Consequences, 1961 to 1966	42
Devaluation and Exchange Rate Unification	43
Changes in Trade Policy, 1961 to 1963	44
Return to Multiple Exchange Rates, 1963	47
Exchange Rate Reform, 1964 to 1965	47
Liberalization of Import Restrictions, 1964 to 1966	48
Intensification of Export Incentives	49
Effects of the Liberalization Efforts	51
Notes	55
Chapter 5: Further Efforts at Liberalization: 1967 to Early 1973	56
Efforts to Liberalize Trade, 1967 to Early 1973	58
Growth of Export Subsidies	63
Exchange Rates	67
Quantitative Estimates of the Restrictiveness of the Trade and Payments Regime, 1958 to 1970	69
Summary and Conclusions	76
Notes	76
Chapter 6: Exports and the Growth and Structure of the Economy	77
Pattern of Export Growth	77
Net Foreign Exchange Content of Exports	81
Range of Export Incentives	83
Export Sensitivity to Subsidies and Exchange Rates	84

Measuring Structural Change	86
Contributions to South Korea's Economic Growth	90
Comparisons with "Normal" Development Patterns	93
Conclusions	98
Notes	99
Chapter 7: Foreign Capital and the Exchange Rate Regime	101
Official Encouragement of Foreign Capital Imports	101
Foreign Capital in South Korea's Economic Growth	106
Cost of Capital Imports	108
Real and Nominal Rates of Interest on Foreign Capital	109
Efficiency of Foreign Borrowing	110
Real Private and Social Costs of Foreign Borrowing	115
Foreign Borrowing and Sectoral Resource Allocation	117
Discontinuous Devaluation and Gliding Parity	119
Economic Policy and Foreign Loans	121
Appendix: Calculation of Implicit Subsidies on Foreign Loans	122
Notes	124
Chapter 8: Macroeconomic Relationships and Commercial Policy Variables	125
The Basic Model	125
The Data	128
Basic Hypotheses and Tests	132
Further Description and Estimation Results	133
Simultaneous Estimation	143
Appendix: Data Used in the Econometric Model	148
Notes	162
Chapter 9: Effects of the Exchange Rate Regime on Growth: A Simulation Approach	164
Commercial Policy Variables	164
Interactions between Basic Commercial Policy Variables and the Behavior of Economic Aggregates	165
The Simulation Model	166
Method of Simulation	168
Simulation Experiments	170

Equilibrium Exchange Rates	171
Manipulation of Commercial Policy Variables	176
Conclusions	183
Appendix: Solution of the Nonlinear Simulation Model	184
Notes	185
Chapter 10: The Foreign Exchange Regime and Resource Allocation	186
Standard Measurement Techniques	187
Extensions and Variations Used in Measuring Protection	189
The Data Base	191
Nominal Rates of Protection and Quantitative Restrictions	192
Average Protection	195
Incentives to Domestic and Export Sales	197
Variability in Rates of Protection	200
Effective Incentives and Resource Allocation	206
Factor Intensity of Trade	208
Valuation of Output and Growth Rates at World Market and Domestic	
Prices	215
Conclusions	216
Notes	216
Chapter 11: An Overview	219
Effects of Growth on Employment	219
Growth and Income Distribution	223
Factors Promoting Rapid Growth	225
Supply of Savings	227
Supply of Foreign Exchange	230
Demand for Foreign Exchange	233
Economic Efficiency	237
Role of the Liberalization Episodes	239
Conclusions	240
Notes	244
Appendix A: Definition of Concepts and Delineation of Phases	245
<i>Bibliography</i>	249
<i>Index</i>	258