

Table of Contents

List of Figures.....	17
List of Tables.....	19
Abbreviations and Acronyms	21
Chapter 1: The Economic Crisis in South Korea as a Transformation Crisis of its Political and Economic Culture	23
1.1 Competing explanations for the economic crisis and the role of transformation theory	23
1.2 Outline of the book.....	24
Part 1: The Institutional Challenge and the Transformation of Transition Theory.....	31
Chapter 2: Toward a More General Theory of Transformation.....	33
2.1 Introduction.....	33
2.2 The development of transition studies – an overview	34
2.3 The role of heterodox approaches to transformation theory.....	38
2.4 A reformulation of transformation theory	41
2.5 Toward a new research agenda for transformation theory	46
Chapter 3: Institutional Competition and External Constraints to Transformation.....	49
3.1 Introduction.....	49
3.2 The theory of institutional competition – a brief overview	51
3.3 Transformation and institutional competition after 1989	54
3.4 EU policies as constraints for EU accession of CEE.....	61
3.5 Outlook – some results and an agenda for future research.....	65
Chapter 4: Area Studies and the Theory of Economic Transformation – from Uneasy Coexistence to Integration?	67
4.1 Area studies and social sciences – an uneasy coexistence	67
4.2 The ‘area studies debate’ revisited	68
4.3 A reformulated theory of institutional change as a framework for area-related economic analysis.....	71
4.4 Conclusion: Toward the integration of area studies and social sciences research	76

Part 2: The Korean Financial and Economic Crisis – a Short Review	77
Chapter 5: A Review of Five Years of DJnomics: Understanding the Economic Crisis in South Korea as a Transformation Crisis of its Political and Economic Culture	79
5.1 The Korean economic crisis and reform process – an overview	79
5.2 Transformation, the market for institutions and the viability of economic systems.....	87
5.3 The Korean crisis as a transformation of the economic and political system.....	92
Korean crisis as a transformation of the economic/political system	92
Chapter 6: The Interdependence of Economic and Political Systems: Comparing the Cases of Malaysia, Indonesia and Korea.....	99
6.1 Introduction – a comparative view of the Asian crisis and the role of the interdependence of order.....	99
6.2 Malaysia – walling-off as answer to the crisis	101
6.3 Indonesia – from economic crisis to political chaos	104
6.4 Korea – the economic crisis and its political impact.....	108
6.5 The interdependence of economic systems and the reform paradox.....	109
Chapter 7: ‘Big Deals’ – Competition Policy as an Answer for the Korean Crisis	113
7.1 Chaebol in the Korean economy before the crisis.....	113
7.2 Crisis of <i>chaebol</i> and ‘big deals’	116
7.3 Continued <i>chaebol</i> reform in the aftermath of the crisis	121
7.4 Competition policy and the lessons of the Asian crisis.....	125
Chapter 8: Korea’s Economic Development Between the Asian Crisis and the International Financial Crisis 2008-2010	127
8.1 Macroeconomic developments in Korea in the aftermath of the crisis	127
8.2 Korea enters the global governance scene – the successful hosting of the G20 summit	136
Part 3: Transformation and the Relations Between External and Internal Institutions – Institutional Change in Korean Monetary Policy After the East Asian Crisis.....	141

Chapter 9: Central Bank Independence and Monetary Policy After the Asian Crisis – the Case of South Korea	143
9.1 Introduction – monetary policy debates	143
9.2 Institutional imitation and institutional performance – an application to Korean monetary policy.....	145
9.3 The Bank of Korea and South Korean monetary policy – an overview	148
Chapter 10: Central Bank Independence in Korea Before and After the Crisis	155
10.1 The concept of central bank independence	155
10.2 The development of central bank independence in Korea 1950-1997	157
10.3 Central bank independence and monetary policy since the financial crisis	164
10.4 From ‘gatekeeper of growth’ to ‘gatekeeper of stability’? – Changes in the BOK Act and the Korean market for political decisions.....	177
10.5 Conclusion: Central bank independence, the transformation of economic systems and three scenarios for the BOK	183
Part 4: Cognitive Models and the Changing Perception of FDI After the Crisis	187
Chapter 11: Cognitive Models and Self-Perceptions and the Role of Korea’s History.....	189
11.1 History wars in East Asia and the self-perception of Koreans	189
11.2 <i>La mémoire collective</i> , cognitive models, identity and self-perception	192
11.3 Stereotypes in the self-perception of Koreans.....	197
11.4 Three examples of the role of national stereotypes: Economic nationalism, relations with Japan and relations with China	206
11.5 Final reflections: Identity and identity policy and economic and cultural development	214
Chapter 12: FDI Policy and the Perception of Korea’s Economic Model Before and After the Financial and Economic Crisis.....	217
12.1 The Asian crisis as the turning point in Korean FDI policy	217
12.2 FDI and economic policy in South Korea – an overview.....	219

12.3 The market for institutions model and FDI in the Korean economy	226
12.4 The perception of FDI in South Korea – empirical results.....	231
12.5 The lasting success of Korea’s FDI policy after the crisis and some theoretical conclusions.....	238
Chapter 13: From Ethnocentrism and Cultural Nationalism to Globalization and <i>Hallyu</i> (Korean Wave).....	241
13.1 Culture as the core of economic nationalism in Korea.....	241
13.2 Culture, globalization and the Korean Wave	242
13.3 Outlook – will Korean culture survive in a globalized world?.....	246
Part 5: Institutional Competition, East Asian Integration and Korea’s Future in the World Economy.....	249
Chapter 14: Trajectories of Economic Integration in East Asia During the Kim Dae-Jung Government	251
14.1 Introduction: Economic integration in East Asia and the crisis	251
14.2 The geo-political situation of Northeast Asia and East Asian economic integration.....	252
14.3 Perspectives of Trade Integration and Factor Market Integration in East Asia	257
14.4 Perspectives of Monetary and Macroeconomic Coordination in East Asia	263
14.5 Conclusion	267
Chapter 15: The option of Bilateral Free Trade Agreements	269
15.1 Introduction – why did bilateral agreements fare so well after the Asian crisis?	269
15.2 The difficulties of coming to terms with neighbours – the Japan-Korea Free Trade Agreement.....	269
15.3 Concluding FTAs in other world regions – the EU-Korea FTA	278
15.4 Conclusion – bilateral agreements as the finale of trade integration, or as a stepping stone to regional integration?	285
Chapter 16: Economic integration in the Kim Dae-Jung and Roh Moo-Hyun era – Korea as the “hub of East-Asia”?	287
16.1 Korea as a “hub of East Asia” and the Singapore benchmark.....	287
16.2 The Chinese experience – becoming a hub by opening special investment zones?	290

Chapter 17: The quest for an Optimum Integration Area and the future of Korea in East Asia	295
17.1 Introduction	295
17.2 Some observations on the size of states and integration areas – is there an optimum integration area?	297
17.3 Toward comprehensive East Asian regionalism? Some reflections on the issues of size and composition of an East Asian community	301
17.4 The role of Korea in East Asian economic integration and the goal of Korean unification.....	305
17.5 Conclusion	308
Chapter 18: After the dust settled	311
References	317