

LETTER FROM THE EDITOR

Instabilities still linger in the Korean economy this month owing to the impeding Daewoo problem which sent shock waves across the financial markets. As pointed out by many experts, external factors such as skyrocketing international oil price are daunting the economic recovery in the months to come. The real question is whether the Korean economy will fail to respond promptly and adequately to issues such as those that are badgering Korea at the moment.

As expressed in the previous issue of the *VIP Economic Report*, the bad news which hit Korea's economy in the past couple of months was a litmus test of verifying not only if the economy has fully recovered but also if it regained an immune system to fight back potentially dangerous factors to the economy.

Even as of now, research bodies at home and abroad, not to mention the Hyundai Research Institute, are working on their economic forecast of the year 2000. Most economists base their estimation of the entire economy's growth rate on the analyses of macroeconomic components, such as consumption, investment and trade.

Meanwhile, signs of economic recovery have shifted the attention of Koreans from watchful anticipation for sound recovery of the economy to hopeful expectations for the coming millennium and what the future will hold for Korea. The time finally came to go beneath the surface of statistical wonders and read the present to tell the future. The dragging Daewoo problem and rumors of a financial debacle crashing the financial markets proved to be less threatening than feared.

As John Maynard Keynes once noted that economy is psychology, one who looks into the growth path of the Korean economy in the year 2000 should pay close attention to the psychology of the Korean economy. For policy-makers, capturing the psychology of the overall economy is going to be a sure way for them to show their competence in managing unexpected disturbances and crises.

Our October issue's **Current Issues** section first looks into the asset accumulation process of Korea's general public. The present psychological state of individual stock investors who take up more than 60% of the market in terms of investment size and the prospects of their investing behavior have been surveyed.

The next article focuses on one of the new segments in Korea's key industries, the RV (recreational vehicle) market in the automobile industry. Covering the structure, performance and future prospects of the RV market, it may offer delivering ideas for the already saturated domestic automobile industry.

Our third article reviews M&A's in Korea during the 90s. It shows how the general public as well as companies have changed their ideas of mergers and acquisitions, especially during the restructuring boom under the IMF regime.

Finally, the last article introduces a group of the future consumers which have already begun to take shape in Korea. As marketing specialists have analyzed the "X Generation" in the early 90s, they will in the next millennium have to study the "Net Generation" more intensively in order to grab the market. **VIP**