

## LETTER FROM THE EDITOR

In November, Daewoo-related financial debacle was prevented from occurring due to the government's preemptive policy actions. Since the Korean economy came back to upward cycle from the earlier part of this year, it has encountered several situations that might have led to another downturn. Fortunately, the worst scenarios did not come true; the Korean economy must have achieved a certain degree of endurance and capability to fight back in the course of overriding these waves.

Now time is drawing near for us to bid goodbye to the old year and welcome the new, yet such annual ceremony holds more special meaning to the mankind in 1999, as we are ready to enter the new millennium. The words "retrospect" and "prospect" thus readily come across the mind of many. December will surely be the time of many retrospects and prospects on the brink of the new millennium.

Articles of the **Current Issues** section in this month's issue of the *VIP Economic Report* timely deal with those retrospects and prospects in the major sectors of the Korean economy. This is especially because this season marks anniversaries of two milestones in the recent history of the Korean economy: the IMF bailout program and the Mt. Kumgang tour business.

Our first article reminisces upon the two years of the IMF bailout program and the remaining tasks for Korea. In particular, achievements made in macroeconomic recovery and sectoral restructuring will be reviewed to address the question of how all these reform efforts will contribute to

advancing Korea's economy in the years to come.

Changes in consumer behavior is the topic of the second article. Consumption consists over 60% of GDP in Korea and thus deserves thorough study. Differences in consumer behavior since the onset of the economic crisis will be examined, along with prospective behavioral changes in a more stabilized economic situation.

The following article illustrates retrospects and prospects from a corporate viewpoint. The ongoing restructuring is the foremost change in the three-decade-long Korean corporate history. Within a year or two, the restructuring process will be completed; an intermediate review will help figure out past shortcomings to facilitate the completion of the remaining process.

Our final article celebrates another anniversary of a symbolic event which broadened the horizon for economic activities in the Korean peninsula. It will look into the effects of the Mt. Kumgang tour business on the economy of both South and North Korea. Political implications which may well be manifested in the future will also be surveyed.

Right now the Korean economy is experiencing Copernican changes. Undoubtedly, therefore, the words "retrospect" and "prospect" hold distinct meaning for Koreans this year. However, as Korea is leaving the past behind and moving on to a better economy, no more time should be wasted on thinking back. **VIP**