

LETTER FROM THE EDITOR

Judging from the first quarter, 2000 is proving to be a year of new challenges and changes for the Korean economy. Digitalization is continuing, bringing new issues as well as prosperity. A general election will be held in April, and is expected to have an impact on the economy. The prospects of the Kosdaq and the recently opened third stock market are topics of interest. Finally, the composition of the labor force is shifting to include a far greater number of atypical workers. This month's VIP Millennium Report examines these developments.

The Korean Macroeconomy section gives an overview of the macroeconomic situation, and forecast the year's indicators. The strong growth of last year is expected to continue, albeit at a slower pace. Although the continued growth may suggest overheating, it is argued that the economy does not yet need contractionary policy to prevent inflation.

Developments in the financial sector are the focus of the Korean Financial Market segment. Both the blue chip Kospi and the tech-heavy Kosdaq markets showed fluctuations and a general downward trend in March. In addition, there was some anxiety arising from the behavior of institutional and foreign investors.

In the Current Issues section, the first article gauges Korea's level of information technology usage, or digitalization, by measuring phenomenon such as internet use, digital infrastructure, and e-commerce. Although Korea's digitalization level is lower than those of developed countries, the government hopes to improve the situation with measures to encourage e-commerce.

The next article forecasts the effects of the April general elections on the Korean economy. The effects of past presidential and general elections on economic indicators are analyzed and used to gain a perspective on the upcoming election. A survey by HRI sounds out the opinions of both laymen and economic specialists on the possible implications of the election.

Our third article deals with the Kosdaq market - Korea's technology related bourse, and the recently-opened third stock market. The Kosdaq's explosive growth over the past few months and its effects on the economy are examined, and the prospects and potential obstacles for the two markets are viewed within the context of recent changes.

The last article of this month's issue examines the conditions of atypical workers and considers the social problems that may result from an increase of these workers. After the financial crisis, atypical workers have accounted for an increasing proportion of Korea's labor force, and their welfare has become an increasing cause for concern.

On March 31st, the APEC Forum on Shared Prosperity and Harmony was held in Seoul, Korea. An excerpt of President Kim Dae-Jung's speech at the meeting is included in the VIP report. The speech includes a proposal for cooperation in the Asia-Pacific to prevent recurrences of the financial crises and to build prosperity in the region that all members can share. **VIP**