

LETTER FROM THE EDITOR

The winter of 2001-2002 is marked with a hope of recovery; in fact, recoveries in everywhere around us. Every expert mentions the timing of possible economic recovery in Korea, in the US and in the world. Few at this moment cast a doomsday scenario for the world economy. Unless unexpected events arise, everybody shares the view that the global economy, led by the US, will see a recovery beginning in the second half. Many economic indicators support this view. Consumer confidence in the US is beginning to revive, while in Korea, consumer sentiment and business investment sentiment seem to be coming out of their worst phase. The problem is that this turnaround is currently confined only to psychological indicators, and has not yet strongly fueled the real positive reactions of economic agents. Whether or not the economy is surviving the dramatic aftermath of IT boom will probably become more apparent only after the release of production and employment figures for January and February.

One thing is quite clear at this moment. That is, once the US economy get back to upward trend, the Korean economy will gain the greatest and fastest benefits from it. It is because of Korea 's heavy dependence on exports, and the fact that the US accounts for more than 20% of them. While other economies such as Singapore, Hong Kong, and Taiwan are in a similar situation, Korea 's economy is in a better position for a rebound because domestic demand has been preventing a further decline of the economy during the past 10-15 months. Of course, there are a few hindrances lurking around the corner, including the movement of the Japanese yen, trends in global oil prices, and forecasts for semiconductor prices, to mention a few. Despite this uncertainty, economists both domestic and abroad are assured that the Korean economy will rebound in the second half. The World Cup tournament which is scheduled for June is also expected to boost domestic consumer sentiment as well as tourism income.

The essays in this issue reflect the beginning of another year. Three essays present diagnoses and implications for the corporate sector, public sector, and another part of this peninsula, respectively. The fourth deals with a relatively neglected part of the economy, the culture industry, in which the Korean economy may find a prototype of high value-added business which is based on intangible assets.

Another aspect of the Korean economy that needs to regain is trust. Even more than uncertainty about the future economy, it is the mistrust among members and classes of Korean society that needs to be overcome. There are worries that a series of corruption scandals may dissolve Korea 's social integrity. It is a simple truth that sound economic growth can only be based on a sound system of economic ethics. In addition to market principles, a revived economic ethic is also essential for an advanced economy, in this sense. Only then will a true economic convalescence be possible.

P.S.: Regarding the irregularity in frequency of the VIP Millennium Report, the editorial board would like to seek an excuse in the restructuring and subsequent organizational changes at HRI. Fortunately, the editors will remain in the board and the magazine will return to its original publication frequency, i.e., monthly. A humble apology to our readers. **VIP**