

An Interview

Given by Kenneth Kang, IMF Resident Representative in Korea

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Please briefly introduce the IMF Office in Korea?

The IMF office in Korea was opened in 1998 at the beginning of the Asian financial crisis. At that time, the IMF and the Korean government were putting together a financial program to help Korea recover from its financial crisis, and the Korea office played an important role in facilitating those discussions. In 2001, Korea completed its program with the IMF and paid back all of its borrowings, in fact, nearly three years ahead of schedule.

Since then, the role of the office has changed significantly. We are now here to serve mainly as a bridge between the Korean government and the IMF. The IMF has a wealth of knowledge and experience from its 184 member countries that can serve as a useful input into the policy discussions in Korea. Over the years, we have developed close working relations with the Korean government and stand ready to offer our objective views and support on a wide range of policy issues.

Our office is quite small; it consists of myself, and four local staff. We have two locations, one in the Bank of Korea and the other in the Ministry of Finance and Economy in Kwacheon. The two organizations are our main counterparts in Korea.

Please compare the IMF office in Korea to the other resident representative offices around the world.

The IMF's headquarter is in Washington, D.C., but we have about 85 resident representatives, like myself, who are posted in member countries to help advise on economic policies. In Asia alone, we have 18 offices. In addition to Korea, the IMF has two offices in China, one in Japan, India, the Philippines and other countries in East and Southeast Asia. About one-third of our offices in Asia are located in countries that do not have an IMF program, like Korea.

The IMF office in Korea is similar to our other offices throughout the world in terms of the work that we do. The one important difference is that Korea is a major country in the region, and as a result, the office is also involved in regional cooperation issues.

It really benefits the IMF to have representative offices in Asia, particularly in Korea as one of its major countries. By having a "on-the-ground" presence here, we are able to follow

more closely developments in the region and to learn about the views of Asia on issues affecting the global economy.

What are your goals as the IMF resident representative in Korea?

In addition to serving as a policy advisor, I hope to accomplish two things as the IMF resident representative here in Korea.

First, I would like to listen carefully to the views in Korea on the issues that are important to the region. Part of my job here as the resident representative is not only to meet with officials from the government, but also to visit universities, business groups, and NGOs to better understand the views of Korean citizens on the economy and on international issues that are important to them. For example, I spend a lot of time delivering lectures at university and speaking with students on issues such as on the outlook for the Korean economy, the role of the IMF, and globalization in Asia.

Second, I hope to pass on the lessons from Korea's reform experience to other countries. The IMF and its member countries can learn a great deal from Korea's reform experience. Since 1998, Korea has undergone tremendous change, and in many ways, is a leader in the area of financial and corporate sector reforms. The IMF and its member countries, particularly those in Asia, can benefit from the important lessons from Korea's experience—what has worked well, what hasn't worked well, and the important challenges looking ahead.

Since the financial crisis in late 1997 some people have thought that the IMF represents the interests of some developed countries, including the US. What do you think on this view?

It is important to remember that the IMF is an international organization of 184 member countries. Its main purpose is to promote growth and stability in the globalized world. IMF employees are international civil servants whose responsibility is to the IMF, not to their national governments. We have about 2,700 staff from 141 countries. About 2/3 of the professional staff are economists; 15 percent are from Asia, and 35 percent are women.

While it is true that a large part of the IMF's financial resources are provided by the more industrial countries, such as the G-7, decisions on policy and country matters are made by consensus among IMF shareholders. In the IMF, each country is a shareholder, and its voting power is based on its quota. The United States is the largest shareholder with about 17 percent of the voting power. Most IMF decisions reflect not a formal vote but a consensus in the IMF's Executive Board. Clearly, the United States and/or a coalition of industrial countries could veto such decisions, but so could a bloc of developing countries who as a group make up about 37 percent of the voting power in the IMF Board.

Let me also point out that Korea for the first time will send an Executive Director to the IMF Executive Board this November, representing not only Korea but also the views of the 13 other countries in its constituency, including Australia, New Zealand, and the Philippines.

This is a remarkable achievement as Korea will be able to sit at the same table as other countries, such as the United States and Japan, to voice its own views—and those of its Asia-Pacific members—on issues related to the global economy. As a representative of the region, Korea can play an important role in guiding the institution to fulfill its important mandate.

What has been your experience thus far working in Korea?

First of all, it is a real pleasure for me to work in Korea. As a Korean-American with many friends and family here, I have many close personal ties to Korea. As a graduate student, I studied the economic history of Korea and have a deep interest in its development. More recently, as a member of the IMF team during the Korean financial program, I was able to witness firsthand both the extreme difficulties that Korea endured and its remarkable economic recovery. For these reasons, it is a privilege for me to be here and I am grateful for the opportunity to help in some small meaningful way.

My experience so far in Korea has been very positive. As the IMF representative, I've been trying to be more involved in public outreach, participating in conferences, seminars, guest lecturing at universities, and meeting with a wide range of people to not only learn about their views on the economic situation, but also to explain the IMF and our views on Korea and the global economy. In particular, I've enjoyed speaking with students like yourself and am impressed with the interest that you have shown on issues such as globalization and economic reform.

There are many young people who are interested in the IMF. Are there any programs at the IMF that young Korean people can participate in?

In fact, our research assistant in the office, Miss Geena Kim, is a graduate of Seoul National University majoring in economics. She joined our office in September last year to provide assistance on many projects, including following closely market developments to performing economic research.

For those interested in working for the IMF in Washington, D.C., I would encourage them to apply to the Research Assistants Program (RAP) which is a two-year program for college graduates interested in providing support to the operational and policy work of Fund economist. More information can be found on the IMF web site at <http://www.imf.org>.

Finally, do you have any final words to say to the Korean young people and the SNU students? Please tell us. Thank you.

First thank you for the opportunity to speak with you on our work here in Korea.

Let me just end by saying that as Korea looks to transform itself into a more knowledge-based economy and take advantage of the globalization trend, it will be important for the young generation to be prepared to meet this challenge. I wish you and your fellow students all the success in your studies and life after graduation and hope that you will do your best to help Korea and the rest of the world to meet this important challenge successfully.

Thank you.