

The effects of external shocks on the Korean economy : CGE model-based analysis

Topic: 514D Special session: Korean Input-Output Tables: Practical Viewpoints

Author: Hyeok LEE

Co-Authors: Yong Kyun KIM

Today, economies are vastly interconnected in a global network. An economic shock originating from another economy may have compounding effects in the receiving end. This may be especially more true for a small open economy. Hence the study of how external shocks ripple through her system is of great interest to a small open economy.

By utilizing a Computational General Equilibrium (CGE) model, this paper tries to investigate the systematic effects of external shocks to a small open economy, namely South Korea. In this paper we use the 2013 Input-Output table for South Korea. For the analysis to better reflect the real world economics, we estimate the underlying parameters of the economic system. Our goal of the paper is to trying to trace the path of how external shocks travel through the economic system of a small open economy.