TITLE: REGIONAL SOCIAL ACCOUNTING MATRIX IN KOREA : IMPLICATION ON INTERREGIONAL BALANCED GROWTH

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ABSTRACT:

There are growing interests on the regional differences of wealth and interregional balanced growth. In particular, the regional economic gap has been noticeably widened in Korea the process of rapid high growth, so that it is necessary to evaluate the spill-over effect of national financial programs. Regional Social Accounting Matrix and multiplier analysis can be most appropriate tool for that purpose, in the sense that it represents the snapshot of regional production, consumption, income and expenditure. We build Regional Social Accounting Matrix(RSAM) of 2003 with 6 regions and 34 industrial sectors in Korea. The results support that the most independant region is Seoul Metropolitan area. Gangwon, where agriculture and tourism industry are major cash cow is the most dependant area on the other region. Seoul Metropolitan area consumes 80% of intraregional product and only 1.8% of Gangwon region, while Gangwon region consume 62% of intra regional product and 20% of Seoul Metropolitan area. Furthermore, Seoul Metropolitan has more or less 20% spill-over effect for investment on the other regions, while other regions have only 5-7% spill-over effect for investment on the other regions. This result can provide significant implication on budgeting process. For example, national culture center of 7billion$ program in Gwangju city has only 57.3% spill-over effect in region, transfer 21.2% spill-over effect to Seoul Metropolitan area, 6.2% to Chungcheong area and 9.3% to Kyeongnam area. To give weight on regional balanced growth, it should be considered in budget allocation. In that sense, RSAM can provide significant implication on the regional development policy and budget allocation.