

The Asian Financial Crisis Lessons For A Resilient Asia

In July 1997, the promise of the 'Asian economic miracle' and the 'Pacific century' devolved into economic chaos and the onset of what has become known as the Asian financial crisis. One by one, many of the region's great economic success stories suffered damage to their financial markets, their currencies, and economic well-being. This volume, the result of an April 1999 conference organized by the Chung-Hua Institution for Economic Research and the Brookings Institution, examines the sources and lessons of the Asian financial crisis. Experts from both sides of the Pacific have drawn valuable policy lessons from the failures and successes of four key economies in the region: Indonesia, South Korea, Thailand, and Taiwan. In examining Taiwan's relative success in weathering the storm, this volume helps explain the widely varying degrees of performance of the region's affected economies. The concluding chapter focuses on general principles for the liberalization of financial markets and stabilization of macroeconomy in developing countries. This work provides much-needed new understanding and reasoned policy lessons to help the Asia-Pacific region meet its vast economic potential. It will be useful for academics and economic policymakers in governments, international organizations, universities, and research institutions, both in the region and beyond, as they assess and implement strategies for more stable regional and global economic development. This book analyzes the Asian financial crisis of 1997-1999. In addition to the issues of financial system restructuring, export-led recovery, crony capitalism, and competitiveness in Asian manufacturing, it examines six key Asian economies--China, Indonesia, Japan, Korea, Malaysia, and Thailand. The book makes clear that there is little particularly Asian about the Asian financial crisis. The generic character of the crisis became clear during 1998, when it reached Russia, South Africa, and Brazil. The spread of the crisis reflects the rapid arrival of global capitalism in a world economy not used to the integration of the advanced and developing countries. The book makes recommendations for reform, including the formation of regional monetary bodies, the establishment of an international bankruptcy system, the democratization of international organizations, the infusion of public money to revive the financial and corporate sectors in Pacific Asia, and stronger supervision over financial institutions. The book emphasizes a mismatch in Pacific Asia between investment in physical hardware (e.g., factories and machinery) and in social software (e.g., scientific research centers and administrative and judiciary systems). In a world of growing international competitiveness, concerns over governance will weigh increasingly heavily on unreformed Asian countries. The long-term competitiveness of Asia rests on its getting its institutions right.

Ten Years After

The Asian Financial Crisis

The Asian Financial Crisis 1995-98

Crisis, Reform and Recovery

Lessons from the Bank of Thailand

Lessons and Challenges : Speech

Central Bank Regulation and Coping with the Asian Financial Crisis

This paper provides an asymmetric information analysis of the recent East Asian crisis. It then outlines several lessons from this crisis. First, there is a strong rationale for an international lender of last resort. Second, without appropriate conditionality for this lending, the moral hazard created by operation of an international lender of last resort can promote financial instability. Third, although capital flows did contribute to the crisis, they are a symptom rather than an underlying cause of the crisis, suggesting exchange controls are unlikely to be a useful strategy to avoid future crises. Fourth, pegged exchange-rate regimes are a dangerous strategy for emerging market countries and make financial crises more likely.

The first theoretical analysis of the Asian Financial Crisis--perhaps the single most important economic event of the 1990s--starts by presenting a factual and analytic overview of what happened. It goes on to consider why crisis turned into collapse, speculative attacks, and contagion and finishes with a round table discussion of policy issues. The distinguished contributors are from organizations including IMF, the World Bank and the Bank for International Settlements. This is vital reading for policy professionals as well as researchers and graduate students in a wide range of disciplines.

A Background Note

Lessons from the Asian Financial Crisis

Soundness of Financial Institutions and Economic Growth

Managing the Asian Financial Crisis

Learning from the Asian Experience

Crisis and Recovery

Responding to Financial Crisis

The recent financial crisis shook not only the global economy but also conventional wisdom about economic policy. After the collapse of Lehman Brothers in September 2008, policy makers reversed course and acted on an unprecedented scale. The policy response was remarkable both for its magnitude and for the variety of measures undertaken. This book examines both the major role central banks played in the crisis and the role they might play in preventing or preparing for future crises. The contributors, central bankers from around the world, focus on monetary policy, the new area of macroprudential policy, and issues of exchange rates, capital flows, and banking and financial markets. They look at the experiences of both developed and emerging economies, considering why some, including Israel and Australia, suffered only mild effects while others--Ireland for example--plunged into severe financial crisis.

Crisis and Recovery: Learning from the Asian Experience is a collection of selected articles related to the Asian experience with two crises -- the Asian financial crisis in 1997-98 and the global financial crisis of 2007-08 -- written by Dr Jong-Wha Lee, former chief economist of the Asian Development Bank. These papers are grouped into three broad topics: Anatomy of Asian Growth and Crises, Asian Financial Crises: Responses and Lessons, and Global Financial Crisis and Challenges to Asia's Sustained Growth. The topics include the relation of the East Asia's development strategies with the 1997-98 Asian financial crisis, the desirability of IMF programs, the assessment of recovery and structural reforms, the process of spillovers of the global financial crisis to Asia, regional and global economic linkages, the role of China and the renminbi, and the long-term growth projections of Asian economies. The research collected in this book will be very useful for policymakers who want to learn from the Asian experience with the crises and it is a key contribution to ongoing research and policy debates on the future of Asian economies.

Origins, Lessons, and Future Outlook

Liberalization, Growth, and the Asian Financial Crisis

Lessons from the Crisis

Lessons Learned

Birth of the Age of Debt

Asian Financial Crisis; Lessons from Australian Financial Sector Reforms

Lessons for Viet Nam : UNDP staff paper

This is a unique insider account of the new world of unfettered finance. The author, an Asian regulator, examines how old mindsets, market fundamentalism, loose monetary policy, carry trade, lax supervision, greed, cronyism, and financial engineering caused both the Asian crisis of the late 1990s and the global crisis of 2008-9. This book shows how the Japanese zero interest rate policy to fight deflation helped create the carry trade that generated bubbles in Asia whose effects brought Asian economies down. The study's main purpose is to demonstrate that global finance is so interlinked and interactive that our current tools and institutional structure to deal with critical episodes are completely outdated. The book explains how current financial policies and regulation failed to deal with a global bubble and makes recommendations on what must change.

The Asian financial crisis of 1997-98 shook the foundations of the global economy. What began as a localized currency crisis soon engulfed the entire Asian region. What went wrong and how did the Asian economies, long considered "miracles," respond? How did the United States, Japan and other G-7 countries react to the crisis? What role did the IMF play? Why did China remain conspicuously insulated from the turmoil raging in its midst? What lessons can be learnt from the crisis by other emerging economies? This book provides answers to all the above questions and more. It gives a comprehensive account of how the international economic order operates, examines its strengths and weaknesses, and what needs to be done to fix it.

An Overview and Major Lessons for IDB Member Countries

Global Financial Crises

Lessons and Challenges, Held on 2-3 November 1998 in Palace of the Golden Horses]

The Social Impacts of the Asian Financial Crisis

Lessons Learnt and the Way Forward

Why Was Asia Resilient? Lessons from the Past and for the Future

Asia's Financial Crisis

In the late 1990s, Korea, Thailand, Indonesia and Malaysia experienced a series of major financial crises evinced by widespread bank insolvencies and currency depreciations, as well as sharp declines in gross domestic production. This sudden disruption of the Asian economic 'miracle' astounded many observers around the world, raised questions about the stability of the international financial system and caused widespread fear that this financial crisis would spread to other countries. What has been called the Asian crisis followed a prolonged slump in Japan dating from the early 1980s and came after the Mexican currency crisis in the mid-1990s. Thus, the Asian crisis became a major policy concern at the International Monetary Fund as well as among developed countries whose cooperation in dealing with such financial crises is necessary to maintain the stability and efficiency of global financial markets. This book collects the papers and discussions delivered at an October 1998 Conference co-sponsored by the Federal Reserve Bank of Chicago and the International Monetary Fund to examine the causes, implications and possible solutions to the crises. The conference participants included a broad range of academic, industry, and regulatory experts representing more than thirty countries. Topics discussed included the origin of the individual crises; early warning indicators; the role played by the global financial sector in this crisis; how, given an international safety net, potential risks of moral hazard might contribute to further crises; the lessons for the international financial system to be drawn from the Asian crisis; and what the role of the International Monetary Fund might be in future rescue operations. Because the discussions of these topics include a wide diversity of critical views and opinions, the book offers a particularly rich presentation of current and evolving thinking on the causes and preventions of international banking and monetary crises. The book promises to be one of the timeliest as well as one of the most complete treatments of the Asian financial crisis and its implications for future policymaking.

Asia proved to be remarkably resilient in the face of the global financial crisis, but why was its output performance stronger than that of other regions? The paper shows that better initial conditions—in the form of lower external and financial vulnerabilities—contributed significantly to Asia's resilience. Key pre-crisis factors included moderate credit expansion, reliance on deposit funding, enhanced bank asset quality, reduced external financing, and improved current accounts. These improvements reflected the lessons from the Asian financial crisis in the late 1990s, which helped reshape both public policies and private sector behavior. For example, several countries stepped up their use of macroprudential policies, well before they were recognized as an essential component of the financial stability toolkit. They also overhauled financial regulations and strengthened oversight of financial institutions, which helped reduce risk-taking by households and firms before the global financial crisis. Looking ahead, Asia is in the process of adjusting to more volatile external conditions and higher risk premiums. By drawing the right lessons from its pre-crisis experiences, Asia's economies will be better equipped to address new risks associated with increased cross-border capital flows and greater integration with the rest of the world.

The Great Recession

Lessons for South Africa and the JSE

Lessons Learned?

Lessons for a Resilient Asia

East Asia, from miracle to crisis

Lessons for Nigeria : a Special Report

Finance Statistics : Some Lessons from the Asian Financial Crisis

This paper gives an account of the financial sector reforms in Australia and how these helped Australia overcome a mini crisis similar to that of the current Asian crisis. With experience from Australia an economy of the Asian Pacific region it suggests ways out for the present troubled economies of Asia and also for those that are in transition. The main lessons are have firm commitment to reforms, show no compassion to erring banks, take decisive action and use technology for competitive advantage.

What started in the summer of 1997 as a regional economic and financial crisis in East and Southeast Asia had developed into a global financial crisis within the span of a year. This crisis followed the crisis in the European Monetary System in 1992-3 and the Mexican peso crisis in 1994-5. However, unlike the previous two crises, the scale and depth of the Asian crisis surprised everyone. One obvious reason for this is East and Southeast Asia's track record of economic success. Since the 1960s, no other group of countries in the world has produced more rapid economic growth or such a dramatic reduction in poverty. Given so many years of sustained economic performance the obvious question is: how could events in Asia unfold as they did?

Revisiting the Asian Financial Crisis : Essays

Dangers and Opportunities in the Asian Financial Crisis

Causes, Contagion and Consequences

A Trader's Perspective

Papers of the International Conference on Managing the Asian Financial Crisis : Lessons and Challenges Held on 2-3 November 1998 in Kuala Lumpur

Taiwan, Its Neighbors, and the Asian Financial Crisis

From Asian to Global Financial Crisis

This volume seeks to revisit critical debates on the 1997-98 Asian financial crisis by reexamining its symptoms and causes, as well as lessons from its aftermath. The publication also addresses fundamental issues such as financial liberalization and impacts on regional economic change.

Since 1990, major banking and current crises have occurred in many countries throughout the world - including Mexico and Latin America in 1994-95, East Asia in 1997-98, and Russia and Brazil in 1998 - with large costs both to the individual countries experiencing the crises and to other nations. As a result, considerable effort has been expended by economists and policymakers to identify the causes of these crises and to design programs with the aim both of preventing similar crises from occurring in the future, and of minimizing the costs when these do occur. These studies have cut across national boundaries, being undertaken by individual researchers and organizations in particular countries, as well as by international institutions. This book collects the papers and discussants' comments presented at a conference co-sponsored by the Federal Reserve Bank of Chicago and the Bank for International Settlements in Basel, Switzerland, and held in Chicago, in early October 1999. The purpose of the conference was to identify and discuss the lessons to be learned from these crises. Topics discussed included reviews of the crises in the individual countries and regions; analyses of the policy responses, both by the affected countries and by official international institutions; what has been learned from these crises; deposit insurance reform; the design of bank capital regulation; the role of bank supervision and regulation; and the future of official international financial institutions, such as the International Monetary Fund and the World Bank. The conference participants included a broad range of academic, industry, and regulatory experts from more than twenty-five countries. Because of the timeliness of the conference and the wide-ranging expertise of the participants, the papers in this book should be of significant interest both to students of financial crises and to domestic and international policymakers.

The Asian Currency Crisis

Asia-Pacific Economies After the Global Financial Crisis

Paper Presented at the International Conference on Managing the Asian Financial Crisis

Lessons from the Asian Crisis

Financial Crises

International Experiences and Lessons for Vietnam

Lessons From Recent Events

In the space of a few months, across Asia, a miracle became a nightmare. This was the Asian Financial Crisis of 1995-98. In this economic crisis hundreds of people died in rioting, political strong men were removed and hundreds of billions of dollars were lost by investors. This crisis saw the US dollar value of some Asian stock markets decline by ninety percent. Why did almost no one see it coming? The Asian Financial Crisis 1995-98 charts Russell Napier's personal journey during that crisis as he wrote daily for institutional investors about an increasingly uncertain future. Relying on contemporaneous commentary, it charts the mistakes and successes of investors in the battle for investment survival in Asia from 1995-98. This is not just a guide for investors navigating financial markets, but also an explanation of how this crisis created the foundations of an age of debt that has changed the modern world.

The Asian financial crisis of 1997-98 was devastating for the region, but policymakers at least believed that they gained a great deal of knowledge on how to prevent, mitigate, and resolve crises in the future. Fifteen years later, the Asian developing countries escaped the worst effects of the global crisis of 2008-10, in part because they had learned the right lessons from their own experience. In this important study, the Asian Development Bank and Peterson Institute for International Economics join forces to illuminate the contrast between Asia's performance during the more recent crisis with its performance during its own crisis and the gap between what the United States and European Union leaders recommended to Asia then and what they have practiced on themselves since then. The overriding lessons emerging from the essays in this volume are that countries need to prepare for crises as if they cannot be prevented, make room for stability-zation policies and deploy them rapidly when crises hit, and address the need for self-insurance globally if they can, or regionally if they must. Contributors include Simon Johnson, William R. Cline, Joseph E. Gagnon, Stephan Haggard, Masahiro Kawai, Peter Morgan, Donghyun Park, Arief Ramayandi, Kwanho Shin, Edwin M. Truman, Shahin Vallee, Changyong Rhee, and Lea Sumulong

An Asian Regulator's View of Unfettered Finance in the 1990s and 2000s

Lessons from the Asian Currency Crisis

Lessons from the Past, Preparation for the Future

Asian Financial Crisis

Recent East Asian Financial Crisis

Lessons and Policy Responses

Lessons for Central Bankers

Nearly ten years after the Asian Financial Crisis, financial turmoil has reappeared – this time it is ravaging the world's wealthiest countries and dragging the global economy along for the ride. It forces one to reflect on the last major financial crisis to afflict the global economy, and to consider whether there are any similarities, and whether there are any lessons from that crisis that we can apply to the current one. Written by a distinguished group of individuals from government, the private sector, international organizations, and academia, this book

provides an overview of developments in the main affected countries during the Asian Financial Crisis, as well as the lessons learned and corrective measures taken at the country, regional, and international levels. Importantly, attention is also paid to the areas where substantial improvements are needed. The current crisis heightens the relevance of these lessons. Lessons from the Asian Financial Crisis will be invaluable to those studying international relations, international finance, international economics and East Asian studies. This work examines the effects of financial liberalization of the more advanced economies in Southeast Asia and analyses the degree to which emerging and transitional economies in East and South Asia can benefit from this example.

The Role of Corporate and Banking Sector in the Asian Financial Crisis

Lessons for Developing and Transitional Economies in Asia

Weathering the Storm

The Role of Accounting Disclosure in the East Asian Financial Crisis

Lessons From Asia Then, the United States and Europe Now

The Asian Financial Crisis & Lessons for Malaysia

Causes, Consequences and Lessons Learned

Although the global financial crisis of 2008-2009 was the worst economic crisis in over 60 years for many industrial countries, most Asian and Pacific developing countries weathered it quite successfully. The resilience of the region is somewhat puzzling at first sight. In an increasingly globalized world, aren't economic shocks supposed to be transmitted faster and farther than ever before? The purpose of the book is to understand why countries in the region were significantly less affected by the crisis than the world's most advanced economies of Europe and the United States, and what are the main lessons from their experience for building resilience from future crises.

Throughout the 1990s, numerous financial crises rocked the world financial sector. The Asian bubble burst, for example; Argentina and Brazil suffered currency crises; and the post-Soviet economy bottomed out in Russia. In *Financial Crises*, a distinguished group of economists and policy analysts examine and draw lessons from attempts to recover from past crises. They also consider some potential hazards facing the world economy in the 21st century and discuss ways to avoid them and minimize the severity of any future downturn. This important new volume emerges from the seventh annual conference on emerging markets finance, cosponsored and organized by the World Bank and the Brookings Institution. In the book, noted experts address the following questions: How effective were post-crisis policies in Latin America, Eastern Europe, and East and Central Asia? Where do international financial markets stand ten years after the worldwide debt crisis? How can the provision of financial services resume vigorously, yet safely? What are the viable policy options for reducing systemic financial vulnerability? What will the next emerging-market financial crisis look like? Will lessons learned from past experiences help to avoid future disasters? How can nations reform their pension systems to deal with retirement challenges in the 21st century?

The Asian Financial Crisis: Origins, Implications, and Solutions

Lessons and Policy Implications from the Experience of Indonesia and Thailand