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EAST ASIAN GROWTH MODEL

WHAT IS LEFT OF IT AFTER THE CRISIS

The sustained, rapid economic growth, structural transformation and industrialization were becoming a trademark of East Asian region from the 1980s to the mid 1990s. The region in question was perceived then as an economically uniform area and such perception was not degree unjustified by the actual situation. This phenomenon was also accompanied by certain intellectual framework, which essentially boiled down to a simplification of a kind, one attributing the same nature and background to the economic growth in an entire region. Hence, the tendency to use general and all-inclusive terms such as, ”Far East” ”Pacific Asia”, ”yen bloc”, ”tiger”, to mention just a few of the expressions coined in relation to the more complicated phenomenon than vernacular used to describe it implied.

Of the eight highly performing East Asian economies (acronym HPAEs) the World Bank had identified in its study „The East Asian Miracle”, Indonesia, Malaysia and Thailand as a model to be implemented by other developing countries. Even previously there had been studies (Yoshihara 1988) in which it was argued that South-East Asian economies implied certain ersatz Capitalism, because of the inferior position of the state and lack of significant success in establishing better technological potential. In 1997 in the study by Jomoet al., there was another critique of the World Bank's approach, related to the latter's perception of South-East Asian Economies as a paragon of economic virtue to be emulated by other states.

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High esteem, in which East Asian economies were held, disappeared with the coming of the East-Asian crisis and financial turbulence of the 1997-1998 period. The highest degree of criticism was heaped on the problem of mutual relation between business sector and governmental institutions, previously regarded as the cornerstone of the economic success of the East Asia. These previously highly praised interconnections suddenly became to blame not only for the surfacing of the crisis itself but also for its depth. Such a line of thought is present in the studies conducted by Backman in 1999, by Clifford and Engardio in 2000, while works of Jomo in 1998, Furman and Stiglitz in 1998, Radelet and Sachs 1998, Krugman 1999 as well as Bhagwati 1998) attributed the crisis to the international financial liberalization and its effects of easily reversible international capital flows. The second set of analyses proved to be highly critical in evaluation of the IMF's policy prescriptions and conditionalities blaming them for making the crisis even more pronounced.

I would like to present the case of four East Asian economies that were the main victims of the turbulence in 1997/1998. Among them were all so-called second-tier newly industrializing countries, namely Indonesia, Malaysia and Thailand and South Korea that is a newly industrialized economy.

I. MEANING OF SUCESS – THE EAST ASIAN WAY

Back in 1993 the World Bank has presented its publication „The East Asian Miracle Study", which constituted an attempt at explaining all the developments characteristic of East Asia in the period of over three decades to that date. Following the Asian crisis, the popularity of that document has been waning, and nowadays certain people at the World Bank would like to forget about that particular publication. Some analysts ascribe this document to the impulse coming from a Japanese government's representative on the World Bank's board, who contrasted the situation in Asia with poor results of adjustment programs in other regions (Latin America, Africa and other locations). According to the Japanese expert the World Bank should learn from the experience of East Asian countries, which at the beginning of the 90's had been posting the rate of growth in excess of over 6 per cent for at least 25 years. It was the Japanese government that was responsible for financing such a study.

In the report, eight economies were identified as high-performing – Japan, Republic of Korea, Taiwan, Hong Kong and Singapore, as well as Malaysia, Indonesia and Thailand (the last three forming the so-called second-generation NICs). From the perspective of mathematical probability it has to be stated that the likelihood of eight relatively contiguous economies growing at such a fast pace for a long time amounts to less than 1/60000.

Publication of the report in question symbolized the World Bank's transition from espousing neo-liberalism (as in the decade of 1980s) to the less orthodox position – one recognizing the role of the state in the economic development. Further advances along this line of thinking are evident in the publication of the 1997 World Development Report, in which the authors lean more towards effective state than towards lessair-fair concept.

In the report under discussion here, the World Bank recognized 6 types of state intervention, that have an important place in the development of East Asian countries. Of those types the bank approved of only 4, recognized as ones of a functional nature (ones serving to ameliorate the market's deficiencies) and questioned the remaining two as being of strategic character and leading to distortions of market operations.

Among the interventions, that met with the Bank's approval were state activities aimed at:

1) Ensuring macroeconomic discipline and balances,
2) Providing both physical and social infrastructure,
3) Providing good governance,
4) Raising savings and investment rates.

1. *The East Asian crisis*

In spite of the presence of critical opinions on the economic developments in East Asia there had not been a single analysis containing prediction of what was about to happen in 1997 and 1998. A single work was lacking to analyze – in the scope of financial liberalization taking place across the globe – the growing role of foreign capital in that particular region. Jomo in 1998 affirmed that the leading position of foreign multinational corporations (MNCs) in the manufacturing sector (particularly in hi-tech industries) made domestic capital subordinated to the strength and influence of financial capital regardless of the latter's place of origin. The owners of that particular strain of capital, who established the system of mutually beneficial interrelations with the people who had influence in political matters. Such connections were later to be called „crony capitalism", but such a term wasn't in use until after the crisis had erupted. Financial circles of the region did not stand idly by, when threatened by financial liberalization, but sought for – and of course found – venues of benefiting from the process (via tapping into arbitrage opportunities and employing other mechanisms and techniques).

The close cooperation taking place between financial and political circles served to promote liberalization of financial markets, though the process of such liberalization wasn't completed fully due to certain differences of interests of domestic financial capital on the one hand and international one on the other. Certain countries learned the historic lesson well – as exemplified by Malaysia where crisis in the banking sector that had taken place in the 1980s led to the establishment of systems of checks and balances (such as prudential regulations), while other countries, e.g. Thailand, haven't created such safeguards. In both countries inflow of capital from abroad was needed to cover current account deficits, growing imports of consumer goods, fuel speculative activity on regional stock exchanges and boost output of the real estate sector. It can be argued that capital inflows were more instrumental in engineering bubbles in the prices of assets than in contributing greatly to the acceleration of GDP growth. The surfacing of the crisis, with all of its consequences, precipitated the bursting of the above-mentioned bubbles.

2. *How the disease spread?*

The Bank of Thailand decided – on July 2nd 1997 – to float the national currency, and the bath had quickly lost in value. The decision to float was preceded by months of speculative attacks on that currency. Similar situation – decisions to float currencies – leading to falling of exchange rates was taken in Indonesia, Malaysia and Philippines. In the months that followed currencies and stock prices in the region were under pressure from the panic driven outflow of short-term capital. After the withdrawal of the official support – the same fate was to befall Korean won, despite the country's different economic structure, compared to the countries mentioned previously. Direct (attack on the Hong Kong dollar) or indirect (actions aimed at maintaining competitiveness against the devalued currencies) pressure mounted on majority of economies in East Asia.

Up to date – there is no universally accepted line of explanations or even descriptions of the crisis, even though the business media and International Monetary Fund tell us otherwise. There was a debate in which IMF's programs for the Republic of Korea, Thailand and Indonesia were questioned and criticized. The crisis called into doubt the validity and universality of well-established economic theoretical frameworks and systems. Though financial media (dominated by western circles) ascribe the eruption of the crisis to the actions of „crony capitalists", there is an agreement among analysts that we had witnessed a crisis of a new type. The consensus starts to encompass an increasing number of experts, that what started as a currency crisis quickly exacerbated and transformed into a financial crisis, later on spilling over into the real economy through the reduced liquidity in the financial sector, inappropriate policy response and the significance of psychological factors.

3. *What goes up, must go down. Or is there any other way?*

Export driven industrialization had brought about rapid economic growth and structural changes in the mid 1980s. Later on the currency devaluation in all three South-East (HPAE) countries and modifications of the regulatory framework made it attractive to establish production facilities in those countries, as well as elsewhere in South-East Asia and in China. Industrialization, as described here, continued well into the 90s and was paralleled by higher dynamics of both manufacturing services and construction activities. For about a decade things were running smoothly as budgets were in surpluses, monetary expansion and inflation were generally modest (tab. 1). Before the year of 1997 all three South-East Asian economies posted high and rising savings and investment rates, while high domestic savings were supplemented by savings coming from abroad. Until 1997/1998 budgets were in the black and unemployment was low. That observation doesn't prove that economic fundamentals there were perfect. The rising coefficient ICOR (incremental capital output ratio) shown in the tables proves that before the crisis erupted investments had been less remunerative than previously. Financial system was conducive for „short-term" investments over more productive forms of investments (at the same time more risky ones) in the real sector comprising manufacturing and agriculture. Excessive growth of investments in non-tradeables led to widening of current account deficits. The link property – finance was the most visible in the case of Thailand, making that country prone to unavoidable deflation of the speculative bubble.

Therefore – due to financial liberalization – acceleration in the rate of capital accumulation shifted towards increasingly unproductive activities (as foreigners controlled majority of the region's internationally competitive industries). Thus in the mid 90s rapid growth of the 80s gave way to a number of macroeconomic dilemmas. Foreign Direct Investment and foreign debt – previously used to bridge the gap between savings and investments – led to outflows of investment income and in the 90's it were the short-term capital inflows that increasingly financed the current account deficit. „Confidence building measures" were effective enough in inducing inflows of short-term capital, following periodic outflows, but such an approach wasn't successful in solving long-term problems. In the 90's foreign investment was having growing impact on the regional stock market. Such characteristics of foreign financial institutions as lack of complete information (limited transparency) and short-term time span of investment contributed highly to the spreading of the crisis. The decade of 1990s witnessed growing debt of the private sector as well as increase in the foreign liabilities of commercial banks. Only a small part of lenders financed productive venues, while majority of foreign borrowings was secured by real property and stock.

Another problem stemmed from the fact that borrowings in US dollars were invested in a way which did not generate foreign exchange (so-called „currency mismatch"). Simultaneously high share of foreign borrowings mentioned above was in the form of short-term loans used to finance mid and long – term projects. (such situation is called „term mismatch"). Bank of International Settlements calculated that more than 50 per cent of foreign debt incurred by commercial banks was in the form of short-term loans (figures range from 56 per cent for Malaysia to 68 per cent for The Republic of Korea).

Growing foreign exchange risk made these economies increasingly vulnerable due to maintenance of currency pegs to the US dollar. Though the pegs themselves were not benefiting the economy, they were also responsible for large amounts of un-hedged borrowings made by the influential circles engaged in defending the pegs. Since export – oriented sectors in the South-East Asia were dominated by foreign units, there wasn't strong enough domestic community able to effectively advocate either floating or depreciating South-East Asian currencies. Majority of the central banks-especially from the mid 90's on- did not allow their exchange rates to slide down, but such downward adjustment – if allowed then – would have reduced the severity of the subsequent crisis.

4. *Financial liberalization and its fruits*

Shortly before the crisis erupted Kaminski and Rinhart presented (in 1996) a study in which they had analyzed 71 cases of balance of payments crisis and 25 of banking crisis from the period of 1970-1995. Studying correlations between those crises they found out that of the 25 balance of payments crises between 1970 and 1979, only 3 were associated with the banking crises. In the period of 1980-1995 46 balance of payments crises „coincided" with 22 banking crises. Such a change was attributed, by the authors of the said publication, to the effect of the process of liberalization, as the private lending spree ended up first in the banking crises and subsequently in a currency crisis.

According to Montes (1998) South-East Asian turbulences were brought about by liberalization of domestic financial system and by opening of the capital account.

Subsequent study – by Carleton (2000) – of the 57 countries in the period of 1970-1996 shows that currency crises were predated by inflationary economic policy and low volume of foreign reserves. However, since the probability of Indonesia, Malaysia, Korea and Thailand going through a currency crisis in 1997 was calculated by the author to amount to approximately 20 per cent, weak economic fundamentals are less of an explanation than the process of financial contagion.

McKibbin and Montes assert (each of the two researches separately) that investor panic was the main culprit in spreading of the crisis and cronysm (no matter how repulsive it was) is not to blame. Sometimes the macroeconomic fundamentals, as Asia learned the hard way, are not sufficient safeguards against the crises and financial markets are driven not only by statistics but also by sentiments. It is interesting that back in 1995 more severe current account deficits did not spark a crisis.

It is capital controls that make it difficult and costly to rapidly withdraw capital and many governments treat FDI differently than they treat portfolio capital, giving preferences to foreign direct investment.

The competition taking place among foreign banks in the regions in the 90s resembled the 70s when the loans were offered to the third world countries and subsequently – next decade – resulted in the emergence of crises in those countries.

The dominant paradigm among policy makers was to disregard the growth in the private debt, provided that public sector's indebtedness was held in check. At the same time the region's stock markets were attracting foreign investors, with the latter being indirectly encouraged by the World Bank to invest in those markets. But Malaysia hadn't seen the evil coming and did not react properly to waves of speculations on the stock exchange there in 1993-1994 and later on in 1995. Simplistic perception of East Asia by fund managers, who saw the region as more uniform and integrated than it actually was, caused contagion effect. Currency speculators also contributed to the problem's magnitude by reacting to forecasted market trends.

Collapsing currencies caused assets' prices to lose value leading in turn to the contagion's disrespect for national borders. At the same time liberalization of the financial system allowed to make profits on the falling exchange rates – while another aspect of liberalization – this time of the capital account made it easier for foreign capital to flee. Thus the downwards adjustments of the overvalued currencies turned into collapse of these currencies and into deep bear market on the stock exchanges.

Krugman (1998) asserts that the main differences between the developments in Asia and the conventional currency crises were as follows:
– the absence of macroeconomic problems,
– government had no reasons for resigning from the currency peg,
– bursting of the speculative bubbles happened prior to the currency crisis,
– key role was played by financial intermediaries,
– the crisis turned out very severe in the absence of adverse shocks,
– crisis spread very quickly from „the ground zero" (Thailand) to other countries, even to the economies showing little similarities to Thailand.

Since the problem was rooted neither in the governmental actions nor in the macroeconomic fundamentals, traditional warning systems failed to predict the crush.

Furman and Stigliz in their study of 1999 compared economic downturns caused by financial crises with ones caused by inventory cycles and concluded that the latter type are decidedly less severe. Companies resort to high financial leverage and high volume of lending as increases in the prices of assets buttress financial stability. Growth in the number of insolvencies impacts the credit system, while unpredicted, significant hikes in interest rates may not only usher in financial crises, but also can lead to economic downturns, as value of banks' assets shrinks and debt saddled companies go under. Authors conclude that in such a case adverse effects can linger pretty long after interest rates came down to more sensible level.

5. *Reversible capital flows – Circulation of capital*

Such flows are increasingly becoming subject to discussion as a number one of suspects in the eruption of 1997-1998 crisis. The opinion – expressed among others by Jomo (1998) – that the regions national financial systems were not well prepared for international financial liberalization is becoming increasingly respected.

Since majority of the financial systems hit by the crisis was more bank-centered than financial market-centered they were exposed to the sharp narrowing of possibilities to secure short-term debt because of the declining confidence in the region on the part of foreign financial circles. Foreign exchange reserves had turned out inadequate to cover payments due abroad, and governments were forced to search for provisional financing to finance debt incurred chiefly by the private sector.

From the Bank of International Settlements' data it can be inferred that banking sector was responsible for majority of short-term debt and its growth in the periods of soaring stock market prices indicates that much of the debt in question was caused by other factors than the credit expansion alone.

Malaysia had curtailed the growth of such debt in 1994 by introducing temporary capital controls, but in 1996 and at the beginning of 1997 situation deteriorated again as banks and large private firms were able – thanks to political influence – to disregard guidance given by the central bank.

By the end mid – year of 1997 more than a half of foreign borrowings in Indonesia, Malaysia and Thailand was received by non-banking institutions of the private sector, while 65 per cent of such debt in Korea was incurred by banks (tab. 3).

The tables (tab. 2) show the growth of foreign debt and the growth of FDI in the early and mid 1990s. FDI growth was the lowest in case of the Republic of Korea, while the transfer of profits from this country was the lowest (contrary to Malaysia). At the same time portfolio capital posted high growth in all four countries.

Another interesting measure – the relation of external debt to export revenues also has shown growth between 1995 and 1996 (from 112 to 120 per cent in the case of Thailand and from 57 per cent to 42 per cent in the Republic of Korea, but declined in Indonesia).

By 1996 foreign currency reserves of Indonesia amounted to 15 per cent of foreign debt while in the case of the Republic of Korea that coverage was at 30 per cent, 43 per cent in Thailand and 70 per cent in Malaysia. By 1997 that ratio declined to 15 per cent in the Republic of Korea, 29 per cent in Thailand and 46 per cent in Malaysia as reserves were deployed, though unsuccessfully to defend the exchange rates of domestic currencies. Of the total external debt, the short term debt portion amounted to 58 per cent in the Republic of Korea, 41 per cent in Thailand, 28 per cent in Malaysia, and 25 per cent in Indonesia. Glance at the table 3 informs us that it were Japanese, German and French banks which led the way in lending to developing countries, while Anglo-American banks were less involved. Such breakdown of loans differs from the situation before the debt crisis of the 1980s.

Malaysia was running current account deficits from the beginning of the decade and investments in non-tradeables there did not contribute to export earnings (there were also problems of previously mentioned „term mismatch").

According to Wong and Jomo (2001) in East Asia foreign capital served rather to supplement than to substitute domestic savings, though the nature of such capital was changing over time. Inflow of foreign capital allowed to finance additional imports but thus contributed to current account deficits. It can be also stipulated that excessive reliance on FDI in gross domestic capital investments had adversely affected domestic entrepreneurship and other economic capabilities of the countries (Jomo et. al, 1997).

Since mid – year of 1995 currency pegs started to adversely affect region's competitive position, because yen started to lose in value against US dollar. The speculative attacks on overvalued currencies forced the defense of bhat and ringitt (Malaysia). However, such actions failed to produce the desired results and did not stop the panic from erupting and spreading. Bursting of speculative bubbles in asset prices hit hard banking systems of the four countries, undermining liquidity of the financial systems and leading to recession.

International financial liberalization led to temporary large net inflows of foreign capital to South-East Asia, but FDI brought about weakening of domestic industrial companies and contributed to dominance of financial capital over economic policy. Before the crisis erupted, East Asia had experienced financial liberalization – one that had its roots back in the mid 80s – and the process resulted in popularity of both newly emerging stock markets and greater convertibility of capital account.

II. FINANCIAL LIBERALIZATION

The establishing of the Bretton Woods system made system of flexible exchange rates to prevail over fixed ones. International capital flows other than FDI were considered as driven by speculative motives. Here it is necessary to underline that in the case of East Asia prior to the crisis even the FDI were oriented more towards mergers and acquisitions than towards green-field projects.

Financial liberalization was stirred by the demise of fixed exchange rates, while financial engineering created abundant financial instruments to facilitate diversification of investors' holdings. In 1995 foreign exchange spot transactions exceeded trillion US dollars per day and were 67 times higher than international trade in goods, indicating that financial sector has been driven apart from the so-called real economy. It was Keynes who advocated curtailing financial system in order to mitigate potentially harmful impact of wild liberalization.

Fatwall in 1997 underlined that the promises of financial liberalization had not materialized because:

– liberalization did not result in shifting financial resources from capital-rich to capital-poor countries,

– savers benefited most from higher real interest rates, while borrowers generally did not face the lower cost of funds (some analysts claim that lower cost of funds in the 70s stemmed from exceptional circumstances)

– New derivative instruments were expected to reduce risk, but even if they did to some extent achieve that objective, they led nevertheless to the surfacing of new types of risk,

– Macroeconomic results were overall worse after the liberalization, again contradicting the prevailing expectations,

– liberalization made governments more preoccupied with controlling inflation in order to avoid capital outflows able to destabilize the country, than with improving macroeconomic stability.

In short liberalization reduced the leeway that governments previously possessed in fiscal and monetary policy, reduced the room for maneuver in discretionary interventions by governments to promote economic development.

Massive capital markets are threatened with instability and therefore governments as well as private investors opt for strategies aimed at minimizing risk and thus the economic growth and creation of new jobs are slow. High interest rates justified theoretically by efforts to maintain financial stability make things even more difficult.

Long-term goal of price stability pushes aside low and stable unemployment to the second row of priorities.

Therefore liberalization of financial systems brings about:

– Liquidity crises and reduced real output,
– short-term investment horizons, resulting from private sector's risk aversion,
– deflationary bias of public sector, also deriving from risk aversion,
– pressure to increase flexibility as the possibility of ease of exit.

Participants in financial markets do not accept restrictions on the repatriation of profits, as FDI generally do. There is a proof that economic development requires active role of the state. Post – war reconstruction of Europe took place under tight capital control, and it was capital control which contributed to the industrialization and rapid capital accumulation in Japan, Republic of Korea and Taiwan.

There are some threats resulting from financial liberalization that are still not sufficiently recognized (not to mention debated and addressed).

Certain economic policies in order to bear fruits must be implemented by multilateral initiatives of governments involved, therefore controlling financial system requires of major economic powers to shift priorities and paradigms.

1. *IMF's role*

Crises in East Asia shed new light on the so-called „rescue" packages extended by the IMF to troubled countries. That organization calls for such drastic measures as bank closures, curtailing of budgetary spending and introducing higher interest rates. It can be asserted that in the case of Indonesia, Malaysia and the Republic of Korea IMF's prescriptions made currency crisis degenerate into a financial one and finally led to economic slump. But IMF was myopic enough to underestimate not only the severity of the crisis but also, the strength of the recovery that followed.

The approach taken by the IMF to the East Asian countries came under considerable deal of criticism and skepticism, and the majority of economists believe that the early programs for Indonesia, the Republic of Korea and Thailand were not well prepared, though there is no universal agreement over the reasons for that particular mistake.

One explanation is that the IMF emulated its approaches used towards Africa, Eastern Europe and Latin America and had to insist on anti-inflationary policies on initial stage of its dealing with the crisis. Therefore many of the IMF's programs had contractionary results, disguised under assigning blame to ineffective social safety mechanisms. IMF's prodding to raise interest rates failed to stop capital outflows of great magnitude, but even worse, higher interest rates led to the exacerbation of the crisis conditions. Even if the higher interest rates succeeded in checking capital flight it would have been only temporary success, attained at the expense of investments in the real economy.

IMF didn't take into account sound budgetary results of the regional economies (except for Indonesia all the countries had budget surpluses) in 1996 and advised them to cut government expenditures in order to boost lost confidence in their currencies.

Later on countries concerned (except Indonesia) started to implement more interventionist policies in the second half of 1998, and those policies brought about the economic recovery.

IMF's prescriptions boiling down to deflationary policies and closures of financial institutions led two fourfold increase in the premiums on Thai Eurobonds.

Instead of allowing for restructuring of insolvent financial institutions in Indonesia, the Republic of Korea and Thailand IMF insisted on bank closures causing the panic to snowball.

IMF's priority rested in furthering the interests of foreign governments and financial circles, while constituencies of the countries involved paid the price of reforms.

A high number of analysts believe that IMF approached Asian countries less delicately than Mexico in the tequila crisis, since it was stirred by the U.S. to help Mexico avoid associating tequila crisis with joining NAFTA.

IMF protected the interests of foreign banks, though they were – alongside domestic banks – responsible for bad lending practices, as in the first half of the 1997 bank lending to South-East Asia continued unabated (e.g. in the period from mid 1996 to mid 1997 the Republic of Korea received 15 billion US dollars in loans while Indonesia 9 billion US dollars – most of these sums were in the form of short-term debt. Japanese and European banks (continental Europe) were the most prominent and generous lenders.

2. *Summary*

Oversight of banking operations suffered under financial liberalization, while liberalization of the capital account reduced management opportunities of financial flows making ground for the Asian crisis.

Comparison of Indonesia, Malaysia, the Republic of Korea and Thailand on the one hand with Hong Kong, Japan, Singapore, Taiwan and China on the other doesn't **show any conclusive evidence that countries from the first group experienced corruption, rent seeking, government interventions, FDI, productivity growth and democracy.**

Capital account liberalization may not constitute sufficient -though it is necessary – conditions for the emergence of the crisis of a new type.

The difference which stands out – is low level of the foreign currency reserves in afflicted countries prior to the eruption. The crisis had revealed the importance of the investor confidence for explanation of the gravity of the economic turbulences, and the concept of herd behavior merits particular attention here.

The macroeconomic foundations of all the crisis-ridden economies were not the same, and cannot alone be quoted as an explanation of the crisis.

Since the market mechanisms weren't strong enough to offer immunity to financial collapses it is the task of policy makers to establish conditions for responsible financial governance.

Financial crisis spread rapidly across the region, from Bangkok to other countries taking heavy toll on the financial systems and real economies of those countries and external shocks led to recessions.

3. *Reforms and recovery*

In an ongoing debate over the implication of the situation in East Asia for the concept of economic development neo-liberal circles are of the opinion that it were the distortions of the model of welfare economics that led to the crisis.

Influential economists representing IMF, World Bank and US Treasury Department are critical of the 1993 World Bank publication entitled „East Asian Miracle”. Particular critique is directed at the fact that such concepts of Joseph Stiglitz as acknowledgement of the success of direct credit and financial restraint. It was Mr. Stiglitz himself who objected to the way of handling the crisis by the IMF.

But the crisis had surfaced not long after Krugman questioned (1994) the sustainability of growth in East Asia, on the basis of growth's reliance primarily on accumulation of factors and as such bringing about diminishing returns instead of productivity growth.

Initially western countries showed little interest in the developments in East Asia. However, Japanese authorities were instrumental in attempting to establish regional monetary facility of 100 billion US dollars in Q3 1997 to cope with the crisis, unfortunately such an initiative encountered opposition on the part of IMF, Western countries and China (the latter thinking in categories of geopolitics, hence afraid of Japanese attempt at leadership in the region). After one year had elapsed the scene changed dramatically and the crisis apparently widening towards West (after engulfing Russia and Brazil), coupled with much publicized problems of LTCM hedge fund (one that had to be rescued by the U.S. Federal Reserve Bank) aroused profound interest in the crisis, leading in turn to the debates on the need to promote so-called new international financial architecture as a foundation of greater financial stability worldwide. The IMF conditionalities that followed the debt crisis, reforms implemented in the framework of World Trade Organization and shifts in political and economic alliances were instrumental in promoting economic liberalization, while post cold war political situation and decreasing role of nation states reduced the capacity of developing countries to act in a collective manner. Such conditions do not bode well to the possibility of much goodwill stemming from the Asian Crisis.

The crisis questioned the notion that the invisible hand of the market will quickly punish economies characterized by weak macro conditions, as it rather shed light on the shortcomings of financial markets, evident in the fact that current account deficits back in 1995 were larger than two years later and it did not lead to market's reaction then.

However, as it may be hard to believe, the crisis had found reflections in the IMF's internal organization, as in September of 1997 during annual meeting of that organization held in Hong Kong (simultaneously with the annual meeting of the World Bank) Interim Committee agreed to amend the IMF's Articles of Association. IMF would have oversight over its members' balances of payments capital accounts in addition to current account. WTO in the end of 1997 managed to conclude financial services agreement, obligating members to keep the timetable of rapid liberalization in the area in question. Such changes will be beneficial to the developed countries and are likely to cause bigger problems for the less developed countries, as the bulk of financial services growing under protective clauses in such countries will not be able to stand their own against international competition.

4. *Macroeconomic turn for better*

The phenomenon of how the afflicted countries managed to overcome the crisis and recession hasn't been widely researched to date. It's evident that – except of Indonesia (due to its political situation) – all three economies of East Asian countries have entered the road to recovery and are moving down that road at a pace decidedly exceeding earlier predictions. Their bouncing back surprises IMF's experts who had been envisioning 3 to 4 years of economic stagnation, but the economies in question sprung back to life in 1999 following sharp downturns a year earlier.

Such miraculous recovery can be explained by resorting to Keynesian policies, as the authorities of Malaysia and Korea undertook reflationary macroeconomic policies coupled by recapitalization of commercial banks. IMF's when talking of restoring liquidity within the framework of so-called structural reforms has somewhat different prescription, and doesn't generally endorse measures that were implemented in Malaysia and Korea.

Sharp reduction of interest rates was implemented – contrary to the wishes of the IMF. It has to be underlined that initial macroeconomic policy alongside the lines of IMF (involving significantly higher interest rates) led to soaring number of bankruptcies and thus made reforms on the corporate level impossible to introduce.

Another thing to note is that the depreciation of the currencies of the crisis-ridden countries may have helped in achieving turnaround on the companies level and allowed to ameliorate trade balances and increase the stocks of foreign reserves (as tab. 1 and tab. 4 do indicate).

Analysis of the tables contained in the appendix reveals that the highest level of interest rates was evident when exchange rates were the lowest. Such connection proves that the authorities of four afflicted countries came with the same response, one that was based on responding to the currency crises by interest rates hikes. The depreciation of currencies was conducive to exports in the circumstances of global decline in the prices of primary and manufactured commodities caused by the liberalization of international trade. Authorities of the Republic of Korea were highly aware of the necessity to ensure competitiveness through controlling the pace of won's appreciation, as they intervened on the foreign exchange market starting towards the end of 1998.

Evaluation of the state budgets reveals that 1998 was a year of significant growth in budgetary deficits of the countries hit by the crisis, as authorities increased expenditures from the state coffers in order to stimulate the economy. Recapitalization of financial institutions, public works and „social safety mechanisms" (that particular solution was even advocated by the IMF and the World Bank). On general such policies were far from being the brain child of IMF's pundits.

5. *The overhaul of corporate governances*

The dominant notion of paragon of virtue for corporate governance is modeled after criteria endemic to Anglo-American strain of capitalism. Such framework makes economic institutions in the countries discussed in this essay appear as far from perfection, particularly due to their lack of congruence to such model behavior. Those „blameworthy" institutions were accused of causing the crisis, and various pundits call for their abandonment. It is not a proved thing, that the region's corporate structure was responsible for the eruption of the crisis (though there were signs of tension in the corporate sector in the countries involved). I would like to advert to worsening of corporate profitability – which was the most pronounced in the case of Thailand, but did not spare other East Asian states. I have already mentioned the problem of investment efficiency, as illustrated by ICOR index. Under such circumstances corporations in the region started to go under in the beginning of 1997, particularly in Korea and Thailand. These two countries joined Indonesia in applying for the emergency credit offered by IMF. However that organization did not cease to call for microeconomic (corporate level) reforms as a backbone of its programs. Thai and Korean authorities assented to the need of implementing corporate overhauling, even if such transformation amounted, more or less, to the molding of domestic corporations to the „American blueprint", implying that there is one optimal corporate structure for all regions and economies.

The peculiarity of the situation in East Asia emerged from the fact that it was a better solution to start with rectifying macroeconomic aspects and eliminating systemic risks besetting the financial system. It hasn't been proved that the „kill two birds with one stone" approach, that combined tackling of both macroeconomic and microeconomic problems at the same time had been significantly conducive to the recovery. It appears that corporate reform shouldn't be introduced as an exercise aimed at testing the validity of textbook recipes or policy oriented agenda, but should rather derive from the analysis of particular case. Subsequent developments in East Asia indicated that macroeconomic foundations that resurfaced in 1999 (interest rates cuts and higher budgetary expenditures) were instrumental in making corporate restructuring possible.

There are opinions that corporate reform in the region did not bring about desired effects of ameliorating the structure of high corporate indebtedness and increasing profitability. On the other hand such reforms carried high costs to the economy. Such opinions are justified mostly by the analysis of the developments in Malaysia but merit interest when analyzed at the background of situation in Korea and Thailand. Of course developments external to the management of well-performing enterprises may leave them in financial dire straits. East Asian crisis brought about sharp and unexpected devaluations of currencies in turn leading to increases in corporate costs and magnifying their unhedged foreign currency denominated external liabilities (bulk of those was denominated in US dollars). Such devaluations were simultaneous with crisis of the financial system, and therefore the existence of companies was threatened due to the insufficient access to emergency financing. Particularly difficult fate befell small and medium enterprises, as they were becoming insolvent or were falling pray to takeovers at „bargain prices". Of course it is impossible to argue that such a demise of enterprises was conducive to improvement in managerial capabilities and in turn to rapid development.

Gomez and Jomo called in 1999 for eradicating of politically powerful rentiers as they are an obstacle to real progress, but it is quite reasonable to suggest that second stage catching – up systems for Korea should not follow the Anglo-American blueprint. Governments of the countries located in the region are responsible for developing new institutions able to allow for more selective state interventions, as such interventions should stimulate the development of multifarious capabilities (in the area of industry, technology, organizational structures and managerial know-how) well prepared to look up to new generation of tasks and challenges.

It has been already said that recovery in East Asia was possible thanks to Keynesian policies not because of reforms in corporate governance, and we have to remember that foreign investments started to arrive again after economy started to bounce back in November of 1998, and that IMF's hope of foreign investments leading the recovery did not materialize.

6. *Is the New Financial Architecture more conducive to future crises prevention?*

Keeping the capital account open and maintaining the freedom of capital movement across borders makes it difficult to come up with mechanisms of prevention of financial crises, but also poses difficulty to the establishment of effective financial safety schemes domestically. IMF's reluctance to advise countries to control short-term capital inflows in the wake of a looming crisis is not conducive to the prevention of crises. The only exception to IMF's rigid position on capital controls is its tacit acceptance of such controls being deployed among others in Chile and Colombia.

There are also researches, who look for connections between large changes in the exchange rates of major industrial economies and crises in the emerging economies. In 2000 Akyuz came out with the analysis that covered the last twenty years and he found that the latter development predated such crises. Such observation vindicates the need for the introduction of stability of major currencies, as a precondition for other currencies in the world.

There were also calls for improved transparency and greater availability of information, though there is no proof that had the two conditions been met, the crises would have been prevented.

The effective solution to the need of prudential controls should encompass the existing differences between countries, as well as derive from regional frameworks. Unfortunately the dominant approach to prudential regulations is „from top to down" as international standards are formulated in „headquarters" and subsequently implemented by subordinated units (countries). Akyuz warns that such standards are not centered around the risks stemming from international lending, are tailored to the protection of creditors and overlook important local characteristics.

Regarding the feasibility of controlling short-term capital inflow, it is theoretically possible for the developing countries to implement them, but in practice lack of international support for such measures doesn't encourage authorities of interested countries to do so.

When it comes to the exchange rate policy the prescriptions for developing countries are either to fix their currencies (currency boards or dolarization) or freely float them. It would be beneficial for developing countries (as Akyuz asserts) to chose their own exchange regime instead of having one imposed by an IMF.

Crisis in East Asia illustrated the need to ensure international liquidity by rapid provision of funds to affected economies. However there are still obstacles to such a solution since:

– multilateral institutions most of the time do not have sufficient resources to be quickly earmarked for such action. IMF, even if it nominally has such potential, must in real life secure approval of its principal shareholders.

– IMF conditions disbursement of its financial resources on meeting very stringent criteria. As evidenced by the East Asian turbulences such a „bitter pill" can be more harmful than the disease and may worsen the macroeconomic crisis.,

– Emergency funds went to pay off creditors as currencies were not effectively protected from collapsing, because they were not supported against speculation by disbursement of the funds discussed here.

VI. HOW TO ACHIEVE SUSTAINABLE GROWTH IN EAST ASIA

Prior to the crisis growth in East Asia had been powered by foreign capital and labor. Sizeable parts of wealth generated on the basis of the region's resources and comparatively inexpensive labor was consumed by selected groups with political connections. These priviledged groups reinvested in import – substituting industries, services, utilities and infrastructure. When the crisis had erupted macroeconomic fundamentals were strong – with low inflation, declining unemployment, and growing – high in global terms – savings rates.

High dynamics of export production was however threatened by factors such as: trends towards more sophisticated production with higher content of high skills as well as competetive gains of China and India in terms of labor costs. In such a challenging time there was also lack of proper and effective institutional framework capable of aiding the economy in its march towards more technical sophistication.

1. *Appreciation of exchange rates and growing imports*

From the mid 90s exchange rates started to appreciate sapping competitive strength of the region's export production. No efforts were taken to adjust these rates to make up for the liberalization of imports. At the same time the structure of exports was to certain degree non- responding to exchange rate fluctuations.

The dominant role of intra-trade (transnational corporations exported assembled items), that were very dependant in terms of demand on the situation on foreign markets created foundations for continued strong demand for imports.

Though the devaluations made production cots in South-East Asia more competitive compared to Europe and North America, such exports encountered reduced demand.

Since the structure of many foreign subsidiaries is characterized by production process based on low value added, the devaluation failed to bring about either increased demand for exports or lower import demand.

The region was aided in its recovery by springing back of the demand for the electronic goods which was taking place since the end of 1998 though rigid wages will probably eat away part of such additional foreign exchange earnings.

FDI share in gross fixed capital formation in the mid 90s amounted in Malaysia to 20%. Since the late 1996 inflow of FDI to South-East Asia started to fall, due to the cessation of massive inflows of North-East Asian capital, while the declining value of the yen further weakened Japanese FDI.

With the decreasing labor pool in Malaysia and Thailand prospective labor – intensive investment projects were put suspended. In 1996 20-30% of labor force in Malaysia and Thailand was of foreign origin. With the modification of incentives in the early 90s companies started to go to other locations within the country (less developed locations) or to go abroad. FDI in the region has been going down since 1996 and will probably continue to do so due to the crisis.

The period from the early to mid 90's saw growing privatization, however the process was fraught with abuses resulting from rentier groups' cooperation with political circles.

Problems with the privatization boiled down to the fact of mere transfer of existing productive capacities to private hands without adjustment of said capacities.

2. *The creation of WTO as well as regional attempts at deregulation*

Slow process of technological „deepening" (due to the lack of sufficient institutional structures) in the real sector had adverse impact on the growth potential in South-East Asia.

Though Malaysia and Indonesia introduced projects aimed at technical deepening their efforts were strategically overextended and characterized by serious shortcomings.

In order to achieve productivity growth it is necessary to invest in human resources, while the problems in the private sector call of joint effort of business circles and the state.

In South-East Asia there was no sufficient support for such development to make possible quick upgrade to higher technologies.

Transnational companies were not willing to acquire more domestic inputs, while local companies were not able to obtain higher share in the foreign companies' value-added chains, particularly because of the inefficiencies of industrial policies.

Such observations point out to the weaknesses of South-East Asia's deeper economic fundamentals coupled with the lack of effective mechanism of technological development.

3. *New Investment Policies in South-East Asia*

The crisis brought about profound changes in the economic policies in the countries of the region. Many of the reforms were stimulated by short-term objectives (such as the IMF's requirements, need to restore market confidence and stimulate economic recovery).

Liberalization trends were strengthened by WTO framework and regional efforts signifying to many experts the disappearance of governmental intervention, though it is evident that governments of the crisis -ridden countries have been trying to influence economic growth.

After the crisis barriers to entry of foreign investors in previously protected sectors were either lowered or completely dismantled. It is now the task of the global market forces to harness competitive advantages of domestic industries. Though governments haven't entirely lost the possibility of influencing investment trends, the crisis has forced most of the governments involved to suspend efforts in the area of industrial technologies for the sake of stimulating economic recovery. However, it is highly probable that the economic revival efforts will be concentrated on reentering the path of sustainable development in the mid-term horizon.

Prior to the crisis investment policy has already been taking into account the globalization and position of MNCs, while striving to link national economies into the MNC's division of labor, by creating incentives such as in the area of management, R&D, design, logistics and procurement.

The new investment polices involved changing of main tasks from regulation to promotion and later on services requires modification of solidified institutional and organizational structures.

Asian crisis has made mainstream economic thinkers asking questions about the pros and cons of liberalization (particularly financial and capital account liberalization).

With the crisis becoming history the same fate will befall to the debate about new financial architecture, therefore economic liberalization will remain the dominant thing.

Since the promise of economic convergence, as seen by the proponents of neo-liberal globalization, is nothing but an abstract and in addition so-called level-playing field is not possible to materialize, its obvious that liberalization achieved to date has limited the number of options for authorities.

It can be stipulated that in the future more attention will be directed at efficiency of particular policies than at macroeconomic models, therefore pragmatism will gain upper hand over theoretical debate on the alternative macroeconomic models.

4. *Prospects*

There is a real danger that the South-East Asia economies will lose their earlier attractiveness as sites for FDI, and that their own capabilities will not suffice to continue with export-oriented industrialization. It's necessary to underline rapid industrialization in China and in India.

It is not certain that crisis-induced currency devaluations will be sufficient for stimulating sustainable growth, as they did not achieve competitiveness against their neighbors (often also main competitors). There is no conclusive evidence that previously mentioned growth in demand for electronic goods stems from lower production costs due to currency devaluations. In addition, commodity prices have decreased in resent years in case of both primary and manufactured ones.

Return to the path of the past high productive investment rates is aided by the fact that domestic saving rates continue to be high, even after the consequences of the crisis. Though additional funding through foreign bank loans has led – through the asset prices bubbles – to the crisis, the process of financial liberalization has continued after the crisis due to the requirements of IMF's packages.

Unlikely lack of European and Japanese objections to the promotion of Anglo-American form of capitalism in the region, could result in institutional and formal conformity of the economy, but even then there will be quite big diversity. Probability of neo-liberal style of globalization continuing in the coming future is very high, as such trends are likely to be led by IMF, World Bank and WTO.

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Tab. 1. East Asian Four: Macroeconomic Indicators, 1990-1999 *(Percentage change over previous year)*

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Malaysia										
Real GDP	9.7	8.2	7.8	8.4	9.2	9.5	8.6	7.5	-7.5	5.4
Private consumption	13.1	9.5	3.0	4.6	9.8	9.4	6.9	4.3	-10.8	2.5
M2	12.8	14.5	19.1	22.1	14.7	24.0	21.4	22.6	1.5	11.6
M3	18.2	15.3	19.6	23.5	13.1	22.3	21.2	18.5	2.7	8.3
Inflation	3.1	4.4	4.8	3.6	3.7	3.4	3.5	2.7	5.3	2.8
C.A.deficit/GDP	2.1	8.9	2.8	4.8	6.3	8.5	4.9	-5.0	12.9	14.0
Foreign reserves *(USD million)*	9,327	10,421	16,784	26,814	24,888	22,945	26,156	20,013	24,728	30,845
Rep. of Korea										
Real GDP	9.0	9.2	5.4	5.5	8.3	8.9	6.8	5.0	-6,7	11.0
Private consumption	9.6	8.0	5.5	5.6	8.2	9.6	7.1	3.5	-11.4	10.3
M2	17.2	21.9	14.9	16.6	18.7	15.6	15.8	14.1	27.0	27.4
M3	28.7	23.6	21.8	19.0	24.7	19.1	16.7	13.9	12.5	8.0
Inflation	8.5	9.3	6.3	4.8	6.2	4.5	4.9	4.5	7.5	0.8
C.A.deficit/GDP	-0.8	-2.8	-1.3	0.3	-1.0	-1.7	-4.4	-1.7	12.8	6.1
Foreign reserves *(USD million)*	14,459	13,306	16,640	19,704	25,032	31,928	32,402	19,710	51,963	73,700
Thailand										
Real GDP	11.6	8.4	7.8	8.3	8.9	8.7	6.4	-1.8	-10.4	4.1
Private consumption	12.8	6.6	7.8	8.7	8.3	8.6	6.6	-1.3	-2.2	n.a.
M2	26.7	19.8	15.6	18.4	12.9	17.0	12.6	16.4	9.5	2.1
M3	-	19.9	18.5	19.7	17.6	18.7	13.4	3.2	8.9	1.6
Inflation	6.0	5.7	4.1	3.3	5.0	5.8	4.8	5.6	8.1	0.3
C.A.deficit/GDP	8.3	7.5	5.5	5.5	5.6	8.0	7.9	-2.1	12.7	9.1
Foreign reserves *(USD million)*	13,247	17,287	20,012	24,078	28,884	35,463	37,192	25,697	28,434	34,781
Indonesia										
Real GDP	7.2	7.0	6.5	6.5	7.7	8.2	7.8	4.7	-13.2	0.2
Private consumption	17.2	8.0	3.1	11.8	4.7	9.7	9.2	5.3	-2.1	1.5
M2	44.2	17.1	20.2	22.0	20.2	27.6	29.6	23.2	62.3	11.9
Inflation	7.4	9.4	7.5	9.7	8.5	9.4	6.5	6.6	58.5	20.5
C.A.deficit/GDP	3.4	3.8	2.1	1.6	1.7	3.6	3.3	-2.3	4.1	3.5
Foreign reserves *(USD million)*	7,353	9,151	10,181	10,988	11,820	13,306	17,820	16,088	22,401	27,160

Source: Asian Development Bank, International Monetary Fund, *International Financial Statistics.*

Tab. 2. East Asian Four: Foreign Debt Indicators, 1980-1998 *(USD million)*

	1980	1990	1992	1993	1994	1995	1996	1997	1998	1999
1	2	3	4	5	6	7	8	9	10	11
Malaysia										
Total debt stock	6,611	15,328	20,018	26,149	30,336	34,343	39,673	47,228	44,228	
Long-term debt	5,256	13,422	16,379	19,197	24,147	27,069	28,605	32,289	36,117	
Short-term debt	1,355	1,906	3,659	6,951	6,189	7,274	11,068	14,939	8,656	
Net flow on debt	1,592	-1,851	2,041	5,470	2,220	5,138	6,387	8,397	-3,361	
Foreign direct investment (net)	934	2,333	5,183	5,006	4,342	4,132	5,078	5,106	5,000	
Portfolio equity flows	0	293	385	3,700	1,320	2,299	4,353	-489	592	
Current account balance	-266	-870	-2,167	-2,991	-4,520	-8,469	-4,596	-4,792	9,683	
Rep. of Korea										
Total debt stock	29,480	34,986	44,156	47,202	72,415	85,810	115,803	136,984	139,097	
Long-term debt	18,236	24,186	32,236	35,002	40,802	39,197	49,221	72,128	94,062	
Short-term debt	10,561	10,800	11,920	12,200	31,613	46,613	66,582	53,792	28,139	
Net flow on debt	6,415	1,058	4,698	2,262	28,321	22,706	33,300	16,774	7,190	
Foreign direct investment (net)	6	788	727	588	809	1,776	2,325	2,844	5,415	
Portfolio equity flows	0	518	3,045	6,029	2,525	3,559	3,700	1,257	4,096	
Current account balance	-5,312	-2,003	-3,944	990	-3,867	-8,507	-23,006	-8,167	40,552	
Thailand										
Total debt stock	8,297	28,165	41,865	52,717	65,597	83,093	90,777	93,731	86,172	
Long-term debt	5,646	19,842	27,138	30,083	36,418	41,998	53,164	56,466	59,410	
Short-term debt	2,303	8,322	14,727	22,634	29,179	41,095	37,613	34,836	23,523	
Net flow on debt	1,808	3,534	4,132	11,112	10,474	18,226	6,755	5,796	-10,998	
Foreign direct investment (net)	190	2,444	2,113	1,804	1,366	2,068	2,336	3,746	6,941	
Portfolio equity flows	0	449	4	3,117	-538	2,154	1,551	-308	2,341	
Current account balance	-2,076	-7,281	-6,303	-6,364	-8,085	-13,554	-14,691	-3,024	14,241	

1	2	3	4	5	6	7	8	9	10	11
Indonesia										
Total debt stock	20,938	69,872	88,002	89,172	107,824	124,398	128,940	136,173	150,875	
Long-term debt	18,163	58,242	69,945	71,185	88,367	98,432	96,710	100,338	121,672	
Short-term debt	2,775	11,135	18,057	17,987	19,457	25,966	32,230	32,865	20,113	
Net flow on debt	2,280	7,216	9,331	-1,124	5,066	9,941	12,346	10,087	-4,935	
Foreign direct investment (net)	180	1,093	1,777	2,004	2,109	4,348	6,194	4,677	-356	
Portfolio equity flows	0	312	119	2,452	3,672	4,873	3,099	298	250	
Current account balance		-2,988	-2,780	-2,106	-2,792	-6,431	-7,663	-4,889	3,972	

Source: World Bank, Global Development Finance 2000.

Tab. 3. Lending by Bis Reporting Banks to Four East Asian Economies by Sector, as of End-June 1997 (USD billion)

	Rep. of Korea	*Thailand*	*Indonesia*	*Malaysia*	*Developing contries*
Total Borrowings:	103.4	69.4	58.7	28.8	744.6
Banks *(per cent)*	67.3 (65.1)	26.1 (37.6)	12.4 (21.1)	10.5 (36.5)	275.3 (37.0)
Private non-bank *(per cent)*	31.7 (30.6)	41.3 (59.5)	39.7 (67.6)	16.5 (57.3)	352.9 (47.4)
Government *(per cent)*	4.4 (4.3)	12.0 (17.3)	6.5 (11.1)	1.9 (6.6)	115.6 (15.5)

Source: Bank for International Settlements.

Tab. 4. East Asian Four: Exchange Rates and Depreciation Against us Dollar, 1997-2000

	Exchange rate (monthly average)				*Depreciation (per cent)*		
Currency	*Jan.1997*	*Jan.1998*	*July 1998*	*July 2000*	*Jan.1997-Jan.1998*	*Jan.1997 -July 1998*	*Jan.1997 -July 2000*
Indonesia: rupiah	2,369	9,767	14,233	8,249	312.2	500.7	248.2
Malaysia: ringgit	2.491	4.363	4.151	3.800	75.2	66.7	52.6
Rep. of Korea: won	850.6	1,700	1,294	1,119	99.9	52.1	31.5
Thailand: baht	25.72	53.12	41.22	39.29	106.5	60.3	52.8

Source: Financial Times, Extel data.

WSCHODNIOAZJATYCKI MODEL WZROSTU PO KRYZYSIE

Streszczenie

Kryzysów walutowych, które wydarzyły się w Azji w 1997 roku, nie można zakwalifikować do żadnego z modeli wyjaśniających przyczyny powstania oraz przebieg zaburzeń na rynkach międzynarodowych. W literaturze występują trzy grupy takich modeli, wyodrębnionych na podstawie podobieństw dotyczących praktyk gospodarczych. Modele III generacji zostały rozwinięte dla wyjaśnienia kryzysu azjatyckiego.

Powodem tego jest fakt, iż polityka makroekonomiczna w krajach azjatyckich była prawidłowa, a ich gospodarki nie wykazywały większych słabości. Dopiero późniejsze badania pokazały, że przyczyny kryzysu tkwiły w niedostrzeganych wcześniej słabościach strukturalnych wewnątrz gospodarek tych krajów. Kryzys nie był więc tylko efektem zbiegu niekorzystnych okoliczności, nie była również winna sama aprecjacja dolara amerykańskiego, do którego były stabilizowane waluty tego regionu. Wpływ miała też niedostateczna efektywność inwestycji. Badania przeprowadzone już po kryzysach walutowych w Azji były zaskakujące. Okazało się bowiem, że w latach dziewięćdziesiątych inwestycje przyniosły w tych gospodarkach przeciętnie niższą stopę zwrotu, niż wynosił koszt pozyskania kapitału. To rezultat niespodziewany jak na kraje, które przez długie lata były symbolem efektywności gospodarczej.

Przyczyną kryzysu walutowego w Azji był również słaby system bankowy. W krajach dotkniętych kryzysem banki, opierając się na gwarancjach państwa, oferowały tanie kredyty, często na realizację nierentownych projektów inwestycyjnych. Ponadto sektor bankowy i przedsiębiorstwa prywatne były w wysokim stopniu zadłużone za granicą. Gdy w 1997 roku tempo eksportu i produkcji spadło, inwestorzy zagraniczni zaczęli się obawiać, czy państwa azjatyckie będą wypłacalne. Rozpoczęła się „ucieczka” kapitałów z tego regionu, co doprowadziło do dewaluacji wielu walut w krajach Azji, a ostatecznie wywołało falę kryzysów walutowych.

Czynnikiem sprawczym wpływającym na przebieg kryzysu był tzw. cykl polityczny. Politycy godzili się na dewaluację waluty krajowej. Właściciele rodzimych kapitałów, dysponujący prywatnymi informacjami, zaczęli wycofywać swój kapitał z kraju, dając w ten sposób innym sygnał do inwestowania za granicą. Prowadzi to do paniki wśród inwestorów zagranicznych i odpływu dużego kapitału. Wreszcie kryzysem dotknięci zostają deponenci krajowi, usiłujący wycofać swoje pieniądze od pośredników finansowych. W Azji Południowo-Wschodniej ingerencja czynnika politycznego w funkcjonowanie rynków finansowych przejawiała się w strategicznym dryfie, jaki dokonał się w tym regionie, od polityki przemysłowej do kapitalizmu kumoterskiego (kolesiów).

Słowa kluczowe: wschodnioazjatycki model wzrostu, liberalizacja finansowa, Nowa Architektura Finansowa, azjatycki kryzys finansowy, napływ kapitału zagranicznego,

Key words: East Asian Growth Model, financial liberalization, New Financial Architecture, Asian financial crisis, foreign capital inflows.