Index

Abiad, A.G. 27, 28, 74–5
accountability, IMF 125–6, 128
accounting standards 163, 181, 184, 187
Adams, F. Gerard 13–15, 197–218
adverse selection problem 155
age and wage rates 229–34
Akamatsu, K. 198
Alba, Pedro 184
Allen, Franklin 148
Alper, C.E. 27, 31, 134, 136
Alvarez-Plata, Patricia 31
APEC (Asia-Pacific Economic Cooperation) 149
Argentina
bankruptcy infrastructure 183
crisis (2002) 31
IMF rescue package 125, 128
poverty 57
Arrow, Kenneth 155
artificial serial correlations 27–8
Aryah, Gosah 222, 225
ASEAN (Association of Southeast Asian Nations) 44
Asia
in 21st century 53–5
bond markets 148–9
new developments 6–8
Asia before and after financial crisis (1997–98)
currency crisis theories 24–32
new Asian miracle 53–5
overview 8, 23–4
predictability of crisis 44–53
societal impacts 55–65
Thai wage rates during 15–17
and third-generation crisis models 72–3
vulnerabilities of affected countries 32–44
see also economic development; economic growth; Thailand, wage rates
Asian Policy Forum 187–9
Association of Southeast Asian Nations (ASEAN), see ASEAN
Australia
borrowings 177
corporate borrowing 173
economic information quality 167
financial infrastructure 164
judicial system 166
Austria, domestic consumption 290
balance of payments, Malaysia 144
Baldacci, Emanuele 56
bank deposits/loans 158–9
Bank for International Settlements 3
bank lending, reliance on 185–6
Bank Negara 137
Bank of Japan 246, 255
Bank of Thailand (BOT) 9, 69, 80, 81, 149, 185–6
bankruptcy infrastructure 183
banks
and debt financing 172–3
implications of absence of bond markets 13, 174–5
impact on growth and productivity 13–15, 213–15
new Asian miracle 53–5
overview 8, 23–4
predictability of crisis 44–53
questions raised by 2–8
secular aftermath 5–6
societal impacts 55–65
Thai wage rates during 15–17
and third-generation crisis models 72–3
vulnerabilities of affected countries 32–44
see also economic development; economic growth; Thailand, wage rates

Lawrence R. Klein and Tayyeb Shabbir - 9781847203014
Downloaded from Elgar Online at 03/27/2019 08:38:21AM
via free access
Barro, Robert 160
Basel Capital Accord 121
Basu, Sudip Ranjan 292
Behrman, Jere R. 15–17, 221–35
Belgium, domestic consumption 290
benchmark yield curve 177–8, 180, 186
Bergsten, Fred 240
Bernanke, Ben 297
Betcherman, G. 222
Bjornland, H.C. 298
Black, Bernard 172–3
Black, Fischer 169, 170
bond markets
absence of 169–76
development of 126
failure of 167–8
financial sector overview/flow of funds analysis 150–62
new flotations 122
overview 12–13, 148–50
role of financial infrastructure/efficient financial markets 162–76
role of government as issuer 176–80
Thailand 5, 180–90
borrowers
monitoring of 174
preferences 158
Boskin Committee 261, 291
Bosworth, Barry P. 198, 209
Brady Plan 121
Brazil
domestic consumption 290
exchange rates 123
Bretton Woods Institutions 11, 121, 127–8, 243–6, 257
Brimble, Peter 225, 232
Brunetti, C. 31
business cycle 199, 209
Calvo, G. 72, 134
Camdessus, Michel 121
Canada, bond market 149, 189
capital account indicators 85, 86
capital account variables 83
capital controls
main characteristics of macroeconometric model 137–8
overview 11–12, 134–5
review of studies 135–7
simulations with model 138–45
capital flight, Thailand 32
capital growth 205
capital inputs 208–11
Capital Management Crisis (1998) 124
capital market
China 7
reforms 4–5, 8
capital mix 4
capital mobility 123
Caprio, Gerard, Jr 172
carry trade 73
cartel pricing 174
Central and Eastern Europe, current account deficits 130–31
Chatusripitak, Nathporn 5, 12–13, 148–90
Chile, foreign borrowing 127
China
in 21st century 53–5
capital growth 205
domestic saving 206
economic growth 121–2
exchange rates 126, 247–58
export growth 207–8
GDP growth 200–201
inputs 210–11
investment 203–4
labor productivity 202–3
new developments 6–7
petroleum price increases 10
total factor productivity 212–13, 217–18
wage adjustment under a fixed exchange rate 247–55
China, core inflation rate
alternative measure of core inflation 319–24
definition of core inflation 297–8
description of consumer price index by category 298–301
estimation of core inflation rate 301–9
impact of changes in petroleum prices 309–19
overview 19–20, 296–7
China, cost of living
comments on linear expenditure system 284–91
Index

lifestyle change 291–5
linear expenditure system (LES) 262–84
overview 17–19, 260–61
Chappe, Terry 148
Claeussen, Stijn 156, 184
classification errors 28
clothing expenditure, China 263–78
CLSA Asia-Pacific Markets 187
collective action clauses (CACs), debt securities 125
Collins, Susan M. 198, 209
Colombia, domestic consumption 290
commodities expenditure, China 263–78
consumer price index (CPI), China
by category 298–301
comments on linear expenditure system 284–91
core inflation rate estimation 301–9
lifestyle change 291–5
linear expenditure system (LES) 262–84
overview 17–19, 260–61
US 253
cost of living, China
comments on linear expenditure system 284–91
lifestyle change 291–5
linear expenditure system (LES) 262–84
overview 17–19, 260–61
Crafts, Nicholas 198, 209
credit culture, creation of 126
credit risk, pricing 170–71
creditor countries 241–2
creditor rights 162–3, 181
creditworthiness information 157, 163
crises
aftermath 5–6
cures 3–5
impending 10–11
lessons learned 3
nature and dynamics 2
crony capitalism 13
cross-border financial transactions 122, 161–2
cultural services expenditure, China 263–78
currency crisis theories
early warning systems 26–8
Markov-switching approach 28–32
overview 24–6
currency crises, vulnerability
indicators/analysis
definition of currency crises/methodologies for identifying 80–84
empirical results 85–108
overview 9–10, 69–71
review of selected studies 71–80
summary 108–12
currency devaluation 53
current account (CA)
Indonesia 39, 40
Korea 37, 38
Malaysia 42
Philippines 45, 46
relative 48
Thailand 33, 34, 83, 85–9, 91, 98–100, 104, 106, 107, 110, 111
current account deficits 121–2
current account imbalances 4
Da Silva, A.G. 319
Dalla, Ismail 148
De Long, Bradford J. 297
de Mello, Luiz 56
dealer markets 179
debt claims 167–8
debt financing, dominance of banks 172–3, 174–5
decomposition analysis 209
default 163, 168
definitions
  core inflation 297–8
  currency crisis 81–2
deflation 242
  China 297
  Japan 246–7
delivery versus payment (DVP) system, Thailand 186
Demirgüç-Kunt, Aslı 26, 172
Denison, Edward F. 208
Denmark, domestic consumption 290
Deolalikar, Anil B. 15–17, 221–35
deposit rates, Thailand 85–9, 96, 98–100
Detragiache, E. 26
Diamond, Douglas 172
differential wage adjustment 243–4, 247
direct financial claims 156–7, 159–60, 162
  with no secondary market 153–6
disclosure standards 181, 187
Djankov, Simeon 156, 184
Dodd, R. 73
Doing Business in 2004 (World Bank) 181
dollar standard 240–58
domestic credit, Thailand 85–9, 95, 98–100, 110, 111
domestic saving 205, 206
early warning systems
  currency crises 9, 26–8
  Thailand 69–70
East Asia
economic growth 13–15
  income inequality 57–62
  new developments 6–7
Eckstein, O. 298
econometric predictive models 8, 24, 28–32
economic development 197–9
economic fundamentals, long-term deterioration 32, 33–44
economic growth
  China 7, 18, 53–5
  East Asia 13–15
  India 7–8, 53–5
economic growth during Asian Financial Crisis
  overview 197–9
  growth record 199–208
  input/total factor productivity approach 208–18
economic indicators
  China/US 249
  Japan/US 244
Edison, H.J. 134, 135, 136, 142
education and wage rates, Thailand 229–34
education expenditure, China 263–78
education indicators 62–4
Eichengreen, Barry 2, 3, 5, 10–11, 26, 72, 121–31, 135
elasticities approach, balance of trade 241
emerging crises 121–31
terior results, currency crisis indicators
  assessment of future vulnerability 105–8
  composite indicator and probability of crisis from signals approach 100–101
  crisis indicators from signals approach 85–100
  Markov-switching models 31–2
  profit estimates 101–5
empirical studies, currency crisis indicators 73–80
employment
  Malaysia 137–8
  Thailand 15–16, 222, 227
energy prices, China 301–2, 304–19
Engel curves 18, 263–91
Engwatana, Pipat 74, 77, 81
equity markets 167–8, 171
Erceg, Christopher 297
Esquivel, Gerardo 73, 75–6
ethnic tensions 56
Europe, bond markets 189
European Monetary System (EMS) 72
European Union bond markets 149, 180, 189
reform agenda 129–30
exchange rate differentials, China/US 252
exchange rate dynamics 29–32
exchange rate mechanism (ERM) crisis (1992–93) 25
exchange rate policy, appropriate choice of 3–4
exchange rates
China 7, 247–58
and international competitiveness 243–55
Japan 244–7
Malaysia 145
Thailand 74, 78–80, 81–2
and trade balance 241–3
see also flexible exchange rates; floating exchange rates, pegged exchange rates; real effective exchange rate
exchange rates in international adjustment
exchange rates and international competitiveness 243–55
exchange rates and trade balance 241–3
flexibility, China 255–8
overview 17, 240–41
exclusion windows 27–8
Executives’ Meeting of East Asia-Pacific Central Banks (EMEAP) 149, 189
export growth rates
Asia 205, 207–8
Indonesia 39, 40
Korea 37, 38
Malaysia 42, 43
Philippines 45, 46
relative 50
Thailand 33, 34, 85–9, 91, 98–100, 104, 107, 111
export-led growth
China 8
East Asia 197–8
exports during Asian Financial Crisis 13–15, 215–18
external debt, Thailand 85–9, 94, 98–100, 110, 111
external sector variables 111
Fallon, Peter R. 222
family-controlled industrial conglomerates 155–6, 184
Fan, Joseph P.H. 184
Faust, Jon 297
Federal Reserve (FED), US 10, 121, 130, 254
Fernholz, Ricardo 249
financial claims 153–6
financial crises
impact on income inequality 57–62
impact on living standards 62–4
impact on poverty 56–7
impending 10–11
overview 55–6
policy implications 64
review of studies 135–7
financial development, importance of bond market
financial sector overview/flow of funds analysis 150–62
overview 12–13, 148–50
role of financial infrastructure/efficient financial markets 162–76
role of government as issuer 176–80
Thailand as example 180–90
financial infrastructure, role of 162–76
financial intermediaries 156–9
financial markets
efficiency in 162–76
saving/investment with lack of 150–53
Thailand 180–90
financial sector
flows with direct financial claims but no secondary market 153–6
government and international sector 159–62
Malaysia 138
savings and investment without financial markets/institutions 150–53
with financial intermediaries 156–9
financial variables 83, 85, 86, 111
first generation currency crisis models
24–5, 71, 72
fiscal balance
  Indonesia 39, 40
  Korea 37, 38
  Malaysia 42, 43
  Philippines 45, 46
  relative 49
  Thailand 33, 34, 85–9, 92, 98–100,
          104, 106, 107, 111
fiscal discipline 123–4
fiscal policy, post-crisis 56
Fischer, Stanley 125
fixed exchange rate, China 247–55
Flatters, Frank 232
Flemming, J. 297
flexible exchange rates 123, 126–7,
          255–8
fl oating exchange rates 254–5
  Japan 246–7
flow of funds analysis
  flows with direct financial claims but
  no secondary market 153–6
  government and international sector
          159–62
  savings and investment without
  financial markets/institutions
          150–53
  with fi nancial intermediaries 156–9
 ‘flying geese pattern’ 198
food expenditure, China 263–78
food prices, China 299–300, 302,
          304–9, 310–16
foreign borrowing 127
foreign capital flows, China 255–6
foreign debt, Thailand 74, 184–5
foreign direct investment (FDI) 14–15,
          135, 216, 217–18, 255–6
foreign reserves, accumulation of
          123
forward markets/contracts 169–70
France, domestic consumption 290
Fund of Bond Funds, Asia 189
futures markets/contracts 169–70
Gale, Douglas 148
Gao, Huiqing 17–19, 260–95
GARCH(1,1) model 136
Gaussian cumulative distribution
  function 29
GDP (gross domestic product)
  China 249, 260–61
  Japan/US 244
  Malaysia 140, 141
  Thailand 83–4, 85–9, 91, 92, 95,
          98–100, 104, 106, 107, 110, 111
  US 249
GDP growth rates, Asia 200–201
Geary–Khamis method 289–91
Geithner, Timothy 130
gender and wage rates, Thailand
          229–34
general price changes 297
Gerlach, S. 72
Germany
  borrowing 177
domestic consumption 290
Gilson, Ronald 172–3
Gini coefficient 57–62
global economic growth 121–2
Global Financial Stability Report, IMF
          124
Goldfajn, Ilan 73, 75–6
Goldsmith, Raymond 148, 150, 156
Goldstein, Morris 134, 240
goods consumption, China 263–78
governance problems, IMF 127–8
government as issuer of bonds 176–80
government budget balance, Malaysia
          143
government consumption, Malaysia
          141
government debt, Malaysia 143
government fixed investment, Malaysia
          141
government policies, unsustainability
          of 24–5
government sector, impacts on flow of
  funds 159–62
government securities, Thailand
          180–81
Greenspan, Alan 130
gross domestic product (GDP), see GDP
growth accounting framework 198–9
Guerrieri, Luca 297
Gultekin, B.N. 27, 31, 74–5, 134, 136
Guttentag, Jack M. 179
Hakansson, Nils H. 171
Hamilton, James B. 30
Index

Hart, Oliver 172
Hausman, Jerry A. 160
Headcount Index, East Asia 58–62
headline inflation 298
health indicators 62–4
hedging 124, 170, 175
hedonic price indexes 291
Hemphill, Carter 297
herding behavior 26
Herrick, Bruce 197
Herring, Richard J. 5, 12–13, 148–90
Herstatt Crisis (1974) 121
heterogeneity across countries 28
Hong Kong
bond market 148–9, 180, 189
borrowings 177
capital growth 205
corporate borrowing 173
economic information quality 167
export growth 207
financial infrastructure 164
GDP growth 201
inputs 211
investment 203
judicial system 166
labor productivity 203
total factor productivity 213, 217
Horton, S. 222, 232
household facilities/services
expenditure, China 263–78
household savings, increases in
160–61
household sector, sources and uses of
funds 151–9
Hu, Teh-wei 292
human development indicators 291–5
Hungary
current account deficit 131
domestic consumption 290
IBM 256
import growth rate
Indonesia 39
Korea 37
Malaysia 42
Philippines 45
relative 51
Thailand 33, 85–9, 98–100
Inada, Yoshihisa 53
Inchauste, G. 56
income inequality, impacts of financial
crises 57–62
India
in 21st century 53–5
domestic consumption 290
new developments 7–8
indicators, currency crisis
empirical results 85–108
empirical studies 73–80
identifying 80–84
overview 82–4
indirect financial claims 156–9
Indonesia
bankruptcy infrastructure 183, 189
bond market 149
borrowings 177
capital controls 136–7
capital growth 205
corporate borrowing 173
domestic saving 206
economic information quality 167
export growth 207–8
financial infrastructure 164
GDP growth 200–201
income inequality 59–62
inputs 209–11
investment 203–4
judicial system 166
labor productivity 202–3
living standards 63
macroeconomic indicators 36, 39–41
poverty 57
real wage rates 222
societal impact of crises 23–4
total factor productivity 212–13, 217
vulnerability 53
industrial production
during Asian Financial Crisis
215–18
China/US 249
Japan/US 244
inferior goods/services 263
inflation differentials
China/US 252, 254
Japan/US 248
inflation rate
Indonesia 39, 40
Korea 37, 38
Malaysia 42, 43
Philippines 45, 46
Index

relative 52
Thailand 33, 34, 85–9, 95, 98–100, 110, 111
see also core inflation rate, China
information flows 163, 171
input–output price model, petroleum
price changes 311–16
inputs 198–9, 208–11, 215–16
Institute for International Economics (IIE), US 240
Institute of Directors, Thailand 187
Institute of International Finance 122
Intaravitak, Chedtha 225, 232
Inter-American Development Bank 127
interest rates
government bonds 178
Malaysia 142, 145
term structure of 169–71
international adjustments
exchange rates and international
competitiveness 243–55
exchange rates and trade balance 241–3
foreign exchange flexibility, China 255–8
overview 240–41
international competitiveness, effect of
exchange rate 243–55
international dollar standard 240–58
international financial markets,
structure of 127
international financial system
agenda for reforms 126–30
reforms 122–6
international issuance of bonds 173–4
International Monetary Fund (IMF)
Articles of Agreement 256, 257
Capital Markets Division 124
Financial Sector Assessment Program 124
Independent Evaluation Office 129
International Monetary and
Financial Committee (IMFC) 129
Korean package 136
reform agenda 122–30
Reviews of the Observance of
Standards and Codes (ROSCs) 124
special Data Dissemination
Standard (SDDS) 112, 124–5
Special Drawing Rights 129
surveillance role 3, 124–6
Thai package 9–10, 69–70, 78–80, 136
international reserves, Thailand 9–10,
69, 78–80, 81–2, 85–9, 94, 98–100, 110, 111
international sector, impacts on flow of
funds 159–62
investment
bias in decisions 172
during Asian Financial Crisis 13–15,
203–4, 215–18
without financial markets/institutions 150–53
investors
implications of absence of bond
markets 172–4
portfolio allocation preferences 178–9
Iran, domestic consumption 290
Ireland, domestic consumption 290
Islam, R. 222
Italy, domestic consumption 290
Ittisupornrat, Anotai 74, 77, 81
Jamaica, domestic consumption 290
Japan
bond market 149, 173, 189
borrowings 177
corporate borrowing 173
dollar exchange rate in historical
perspective 244–7
domestic consumption 290
economic information quality 167
financial infrastructure 164
international adjustment 17
judicial system 166
new developments 7
Jeanneau, S. 73
judicial systems 163, 166, 168
Jun, Lwang 148
Kahler, M. 134
Kakwani, N. 225
Kalman filter 298, 319–24, 325
Kaminsky, G.L. 9, 26, 27, 70–71, 73–4,
Index

75–6, 81, 82–3, 84, 99, 101, 104, 105, 134
Kane, Edward J. 163, 166, 167
Kaplan, E. 136
Kenya, domestic consumption 290
Khatdhate, Deena 148
Kim, Ki-Ho 298, 319
Kindleberger, Charles P. 197
Kittiprapas, Sauwalak 225, 232, 233
Klein, Lawrence R. 1–20, 23–65, 134–46, 260–95
Klein, M. 146
Knowles, James C. 232
Kojima, K. 198
Kole, Linda 297
Kondury, Kali 148
Kravis, Irving 285–6, 287, 288–9, 291
Kruger, M. 73, 75–6
Krugman, Paul 25, 53, 72, 73, 134, 198, 297
Kumar, M. 26
La Porta, Rafael 162, 163, 166
Labor Force Surveys (LFSs) 224–5
labor inputs 208–11
labor market conditions 55
labor market, Thailand 221
labor productivity
  Asia 201, 202, 203
  China/US 249
  Japan/US 244
Lang, Larry H.P. 156, 184
Lardy, Nicholas 240
Larrain, Felipe 73, 75–6
Latin America
current accounts 122
exchange rates 123, 127
fiscal discipline 123–4
income inequality/poverty 57
living standards 62–3, 64
Lau, Lawrence J. 53, 199, 297
leading-indicator approach 26–8
  Thailand 69–70, 80–84, 108–9, 111
Leblang, D. 135
Lee, Jong Wong 298, 319
Lee, Sang Don 298, 319
legal frameworks, bond markets 162–3
legal infrastructure, Thailand 181
lending rate, Thailand 85–9, 96, 98–100
Lenovo 256
Leontief, Wassily 311
letter stocks 179
leverage 124, 172, 175, 184
Levine, Ross 148
liberalization
  capital account 11, 135–7
  capital markets 4–5
  China 256–7
Liberty Bonds, US 176–7
lifestyle change 19, 261, 263, 291–5
Lindbeck, Assar 244
linear expenditure system (LES) 262–84
  comments on 284–91
  overview 18–19, 260–61
liquid secondary markets 178–80
liquidity shocks 175
literature, real wage declines 224–5
living standards, impacts of financial crises 62–4
Lizondo, S. 9, 71, 73–6, 81, 82–3, 84
loan contracts 159
logit model 26–8, 73, 75–6, 80–81, 84
London Interbank Offered Rate (LIBOR) 85–9, 96, 98–100
Lopez-de-Silanes, Florencio 162, 163, 166
Lucas, Robert E.B. 222
Luxembourg, domestic consumption 290
M1 85–9, 97, 98–100
M2 9, 29, 73, 85–9, 94, 97, 98–100, 104, 106, 107, 110, 111, 136–7
macroeconometric model, Malaysia
  main characteristics 137–8
  overview 11–12, 134–5
  simulations 138–45
macroeconomic indicators 24
Indonesia 36, 39–41
Korea 36, 37–8, 44
Malaysia 41–4
  overview 12
  Philippines 44, 45–6
  Thailand 33–6
macroeconomic performance 135–7
Mahmood, Moazam 222, 225
Makino, J. 53
Malawi, domestic consumption 290
Malaysia
   bankruptcy infrastructure 183
   bond market 148, 149, 189
   borrowings 177
   capital growth 205
   capital market reforms 5
   corporate borrowing 173
   domestic consumption 290
   domestic saving 206
   economic information quality 167
   export growth 207–8
   financial infrastructure 164
   GDP growth 200–201
   income inequality 57–8, 60–62
   inputs 209–11
   investment 203–4
   judicial system 166
   labor productivity 202–3
   macroeconomic indicators 41–4
   total factor productivity 212–13, 217
Malaysia, capital controls
   main characteristics of
      macroeconometric model 137–8
   overview 11–12, 134–5
   real wages 222
   review of studies on capital controls
      135–7
   simulations with model 138–45
   societal impact of crises 23–4
management accountability, IMF 128
manufacturing wage growth
   China 247, 249
   China/US 250
   Japan/US 245–6
Marcos regime, Philippines 44
Mariano, Roberto S. 4–5, 11–12, 27,
   28, 31, 74–5, 134–46
market sentiment 26
Markov-switching models 28–31, 65, 136
   empirical results 31–2
Marques, C.R. 319
Martinez-Peria, M.S. 28
Masson, P 26
Mazumdar, D. 222, 232
McKinnon, Ronald 4, 17, 148, 240–58
mean absolute error (MAE) 138
mean absolute percentage error
   (MAPE) 138
mean consumption, East Asia 58–62
medicine/medical services expenditure,
   China 263–78
Melvin, James R. 311
Merton, Robert 162
Mexican Crises (1982/1994–95) 53, 73,
   121
Mexico
   bankruptcy infrastructure 183
   domestic consumption 290
   living standards 62–3
   loans 127
   poverty 56, 57
Micu, M. 73
minimum lending rate (MLR) 85–9,
   96, 98–100
monetary policy, post-crisis 56
money markets, net flows 122
money wages
   China/US 249
   Japan/US 244
monitoring of borrowers 174
Moore, John 172
Moorthy, U. 26
moral hazard 155, 256
mortality rates 62–3
Musser, Michael 240
Nagar, A.L. 292
narrow money
   China/US 249
   Japan/US 244
National Economic and Social
   Development Board, Thailand
   112
negative shocks 91–5, 98–100
Nerves, P.D. 319
Netherlands, domestic consumption
   290
new developments
   China 6–8
   East Asia 6
   India 7–8
   Japan 7
new issues, government bonds 178
New York Stock Exchange (NYSE)
   179
Nixon, Richard 242, 246
nominal GDP
   China/US 249
   Japan/US 244
Index

non-inferior goods/services 263
corporate borrowing 173
capital growth 205

non-parametric approach, analysis of
corporate consumption 290
domestic saving 206
economic information quality 167
export growth 207–8
financial infrastructure 164
GDP growth 200–201
income inequality 59–62
inputs 210–11
investment 203–4
judicial system 166
labor productivity 202–3
macroeconomic indicators 44, 45–6
societal impact of crises 23–4
total factor productivity 212–13, 217

non-performing loans (NPLs) 3, 71, 137, 175
overinvestment, Thailand 184

Obstfeld, M. 25, 72
OECD (Organization for Economic Co-operation and Development)
Code of Good Corporate Governance 187
use of leading indicators 70

Ohno, Kenichi 242, 255
Okun, Arthur M. 297

OPEC (Organization of the Petroleum Exporting Countries) 296
option contracts 170
Organization for Economic Co-operation and Development (OECD), see OECD
Organization of the Petroleum Exporting Countries (OPEC), see OPEC

Osakwe, P.N. 73, 75–6
overinvestment, Thailand 184
Özmucur, Süleyman 4–5, 11–12, 27, 28, 31, 134–46, 292, 293

Page, J. 73, 75–6
Pakistan, domestic consumption 290

Pan-Asia Bond Index Fund 189
parametric approach, analysis of leading indicators 84

pegged exchange rates 6, 25, 53; see also dollar standard
People’s Bank of China (PBC) 257–8
per capita expenditures, China 300–301
Pérez, J. 26

Pernia, Ernesto M. 232
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197

petroleum price changes, impact in China
estimation results 316–19
input–output price model 311–16
overview 10, 298, 309–11

Philippines
bond market 149, 189
borrowings 177
capital controls 136, 137

Pbesch, J. 26

Pérez, J. 26
Perraudin, W. 26
Pesenti, P. 197
pure loans 158–9
pure security 159

Quah, Danny 298
quasi-financial systems 155–6

Racelis, Mary 232
Radelet, Steven 197
Rajan, Raghuram 176–7
Rao, D.C. 148

real assets 150–56
real effective exchange rate (REER) 29, 31, 136–7
Indonesia 39
Korea 37
Malaysia 42
Philippines 45
Thailand 33
real exchange rate, Thailand 85–9, 93, 98–100, 104, 106, 107, 110, 111
real exports, Malaysia 139, 140
real GDP growth
China/US 249
Indonesia 39, 40
Japan/US 244
Korea 37, 38
Malaysia 42, 43, 139, 140
Philippines 45, 46
relative 47
Thailand 33, 34, 85–9, 92, 98–100, 104, 106, 111
real government consumption expenditures, Malaysia 139
real imports, Malaysia 140
real indicators, Malaysia 141
real private consumption expenditures, Malaysia 139
real sector variables 83, 85, 86, 111
real wage rates, Thailand overview 5–6, 15–17, 221–3
re-examination of real wage rate changes 226–34
summary of previous literature 224–5
recreation services expenditure, China 263–78
reforms
capital markets 4–5
China/India 54–5
corporate governance 5
exchange rate policy 3–4
international financial system 3, 11, 122–6
Reinhart, C.M. 9, 26, 27, 70–72, 73–4, 75–6, 81, 82–3, 84, 99, 105, 134, 136, 142
relative price change 55, 297
representativeness, IMG 128–9
Republic of Korea, see South Korea
residence expenditure, China 263–78
retail price index (RPI), China 309–16
review of studies
capital controls 135–7
currency crises 71–80
Ricci, L. 134, 135
risk
management of 3, 174–5
settlement obligations 179–80
Rodrik, D. 134, 136
Rogers, John 297
Romania
current account deficit 131
domestic consumption 290
root mean square error (RMSE) 138
Rose, A. 26, 72
Roubini, N. 197
Roush, Jennifer 297
rural household expenditure, China 263, 276–8, 279, 280–83, 285, 286, 301
Russia, poverty 57
Sachs, Jeffrey D. 197
Salvatore, D. 134
Samuelson, P.A. 284, 291
savers
implications of absence of bond markets 171–2
preferences 158
savings without financial markets/institutions 150–53
Scandinavian model of wage adjustment 243–4, 246, 254
Scholes, Myron 170
Schrooten, Mechthild 31
Scotti, C. 31
second generation currency crisis models 25, 71, 72
secondary markets
direct financial claims with lack of
nurturing 162, 178–80
Thailand 181, 185–6
secular aftermath, Asian Financial
Crisis 5–6
sensitivity analysis 209
services expenditure, China 263–78
Shabbir, Tayyeb 1–20, 23–65, 74–5,
134, 136, 197–218
Shaw, Edward 148
Sheets, Nathan 297
Sheng, Andrew 149
Shleifer, Andrei 162, 163, 166
Siamwalla, Ammar 225
signals approach
composite indicator and probability
of crisis 100–101, 111
crisis indicators from 85–100, 105–8
overview 9, 26–8, 73–4, 75–7, 80–81,
84
significance testing 28
simultaneous equation macroeconomic
model 11–12
Singapore
bond market 149, 189
borrowings 177
capital growth 205
corporate borrowing 173
domestic saving 206
economic information quality 167
export growth 207
financial infrastructure 164
GDP growth 201
inputs 211
investment 203
judicial system 166
labor productivity 203
total factor productivity 213, 217, 218
Singh, A. 135
Slok, T. 134, 135
slumps, exchange-rate induced 242
Slutsky–Hicks symmetry conditions
262
Smets, F. 72
Smith, Clifford, Jr 169–70
Smithson, Charles 169–70
societal impact of crises 2, 5–6, 23–4,
55–65
Solow, Robert M. 208
Sonakul, M.R. 149
South Asia, new developments 7–8
South Korea
bankruptcy infrastructure 183
bond market 149, 189
borrowings 177
capital controls 136, 137
capital growth 205
corporate borrowing 173
domestic consumption 290
domestic saving 206
economic information quality 167
export growth 207–8
financial infrastructure 164
GDP growth 200–201
income inequality 58, 60, 61
inputs 210–11
investment 203–4
judicial system 166
labor productivity 202–3
macroeconomic indicators 36, 37–8,
44
real wage rates 222
societal impact of crises 23
total factor productivity 212–13, 217
Spain, domestic consumption 290
speculative attacks
early warning systems 26–8
impact of 81
Markov-switching approach 28–32
vulnerability to 73
spillover effects 26, 32
Sri Lanka, domestic consumption 290
stabilization role, China 260, 297
staff surveillance, IMF 129–30
stakeholder representation, IMF 128
State Administration for Foreign
Exchange (SAFE), China 256–7
State Information Center, China 287
statistical analysis, determinants of
TFP 211–18
step-wise linear methods 287–8
Stiglitz, J.E. 135, 168
Stock Exchange of Thailand (SET)
85–9, 90, 98–100, 104, 106, 107,
110, 111, 184, 187
Stone, Richard 291
structural conditional error correction
model 319
Index

structural problems, Thailand 181–4
structural vector auto-regression (SVAR) model 298
Stulz, René 148
subsistence income 279–80, 287
Summers, L. 135
Summers, Robert 285–6, 287, 288–9, 291
surveillance of financial systems 124–6
Sussangkarn, Chalongphob 232
swap contracts 169–70
swap operations 81
swap rates 249
Syria, domestic consumption 290
Szirmai, A. 199
Taipei
capital growth 205
economic information quality 167
Taiwan
borrowings 177
corporate borrowing 173
economic information quality 167
export growth 208
economic information quality 167
financial infrastructure 164
judicial system 166
Tan, A.H.H. 28, 31, 74–5
Tan, Kong-Yam 249
Tao, Liping 17–19, 260–95
tariffs, China 302
tax revenues, Malaysia 142, 143
taxation, China 256
technology change 211, 213, 216
technology-intensive production 198
Tequila Crisis (1994–95) 105
Thai Bond Dealing Center (BDC) 181, 186
Thai Central Bank 189
Thai Rating and Information Services Company (TRIS) 184
Thai Securities and Exchange Commission 186
Thailand
bankruptcy infrastructure 183
bond market 5, 13, 149, 180–90
borrowings 177
capital controls 136, 137, 146
capital growth 205
capital flight 32
corporate borrowing 173
domestic consumption 290
domestic saving 206
economic information quality 167
export growth 207–8
financial infrastructure 164
GDP growth 200–201
income inequality 57–8, 60–62
inputs 209–11
international reserves 7
investment 203–4
judicial system 166
labor productivity 202–3
macroeconomic indicators 33–6
poverty 57
poverty 57
total factor productivity 212–13, 217
Thailand Securities Depository Corporation (TSD) 186
Thailand, vulnerability to currency crisis
definition of currency crisis/methodologies for identifying 80–84
empirical results 85–108
overview 9–10, 69–71
selected studies on currency crises 71–80
societal impact of crises 23–4
summary 108–12
Thailand, wage rates
overview 5–6, 15–17, 221–3
re-examination of real wage rate changes 226–34
real wage decline literature 224–5
theoretical explanation of currency crisis, Thailand 71–3
third generation currency crisis models 25–6, 72–3
time-series-based estimation methods 298
Timmer, M.R. 199
Index

Tobin Tax 134

total factor productivity (TFP) 208–11
  overview 13–15, 198–9
  statistical analysis of determinants 211–18

trade balance, effect of exchange rate 241–3

trade balance/growth, Thailand 85–9, 90, 98–100, 110, 111

trade surplus 4

trading volume, Thai bond markets 188

transactions costs 157

transparency 3
  IMF 11, 125

transport expenditure, China 263–78

Turkey
  bankruptcy infrastructure 183
  current account deficit 131
  fiscal discipline 124

UK

borrowings 177
  corporate borrowing 173
  cost of living 261
  domestic consumption 290
  economic information quality 167
  financial infrastructure 164
  judicial system 166

unemployment 56

United Nations Development Programme (UNDP) 291

University of California School of Public Health 292

University of Pennsylvania 285

urban household expenditure, China 263, 264–75, 279, 280–83, 284, 286, 287, 288, 289, 300, 301

Uruguay, domestic consumption 290

US

bond market 149, 176–7, 180, 189
  borrowings 177
  corporate borrowing 173
  current account deficit 121–2, 130–31
  dollar exchange rate 244–7
  domestic consumption 290
  economic information quality 167
  financial infrastructure 164
  inflation rate 261
  interest rates 10

international adjustment 17
  judicial system 166
  price indicators 291–3
  treasury bonds 123

US and international adjustment
  exchange flexibility, China 255–8
  exchange rates and international competitiveness 243–55
  exchange rates and trade balance 241–3
  overview 240–41

US Treasury 128

Vahey, Shaun P. 298

Valdés, Rodrigo O. 73, 75–6

vector error correction model (VECM) 298

venture capital sector 173

Vishny, Robert 162, 163, 166

volatile prices 296

vulnerabilities
  competing hypotheses as explanations of crisis 32–3
  early warning systems 26–32
  macroeconomic indicators 24
  pre-crisis/post-crisis patterns of fundamentals 33–44

vulnerability, Thailand
  definition of currency crisis/methodologies for identifying 80–84
  empirical results 85–108
  overview 9–10, 69–71
  selected studies on currency crises 71–80
  societal impact of crises 23–4
  summary 108–12

wage adjustment, China 247–55

wage bargaining, China 254–5

wage changes in international adjustment 17

wage differentials, Japan/US 248

wage rates in international adjustment
  exchange flexibility, China 255–8
  exchange rates and international competitiveness 243–55
  exchange rates and trade balance 241–3
  overview 17, 240–41
Index

wage rates, China 251
wage rates, Thailand
  overview 5–6, 15–17, 221–3
  re-examination of real wage rate changes 226–34
  summary of previous literature 224–5
wage recipients, Thailand 227–32
Wakeman, Lee 169–70
Weinstein, D.E. 173
Weiss, Andrew 168
wholesale price index (WPI), Japan/US 246
wholesale prices
  China/US 249
  Japan/US 244
working hours, Thailand 227–8
World Bank
  lending 127
  studies of Thai real wage rate declines (2000) 15–16, 221–3, 224, 225, 226–32
study of Asian bond markets 148–9
World Development Report (2000–01), World Bank 57, 64
Wright, Jonathan 297
WTO (World Trade Organization) 256, 324
Wu, Deming 19–20, 296–325
Wynne, Mark A. 297
Wyplosz, C. 72
Yafeh, Y. 173
Yam, Joseph 149
Young, A. 198
Yugoslavia, domestic consumption 290
Zambia, domestic consumption 290
Zhang, Xiaobo 249
Zingales, Luigi 176–7