

Contents

<i>List of Tables</i>	vii
<i>List of Figures</i>	ix
<i>Preface</i>	x
<i>Abbreviations</i>	xii
1 State of the debate	1
Purpose and scope	3
Preview	4
2 Pre-crisis Malaysian economy: an overview	8
Policy context	8
Economic performance	13
Concluding remarks	21
3 Capital account opening, capital inflow and share market boom	24
Capital account regime	24
Surge of capital inflows	26
Share market boom	32
Concluding remarks	35
4 Capital flows and signs of vulnerability	37
Vulnerability indicators	37
Signs of vulnerability	44
Concluding remarks	58
5 Onset of the crisis, policy slippage and economic collapse	61
Currency slide and share market collapse	61
Muddling through	63
Economic collapse	67
Concluding remarks	71
6 Policy turnaround: from muddling through to capital control	73
Rejecting the IMF	73

Capital control-based policy package	76
Concluding remarks	81
7 The recovery	84
Overall patterns	84
Domestic demand	89
Sectoral patterns	89
Fiscal position	91
External position	92
Concluding remarks	93
8 The role of capital controls	95
Monetary policy autonomy	97
Banking and corporate restructuring	100
Fixed exchange rate and international competitiveness	103
Impact on foreign direct investment	105
Impact on portfolio investment	107
Concluding remarks	109
9 Conclusion	111
<i>Appendix</i>	116
<i>Bibliography</i>	134
<i>Index</i>	151