MALAYSIA

Idanna Kaplan and Avery Tillet Ke

I. Introduction

In this paper on Malaysia, we will focus on relating the events of the crisis, analyzing the factors that contributed to the crisis, and examining the differences of Malaysia's experience with other Asian countries. The structure of this paper will be as follows. First, we will present an overview of the Malaysian economy. Second, we will present a chronology of events and, in particular, we will examine the behavior of exchange rates and stock prices.[1] Third, we will look more closely at Malaysia's banking system. Finally, to conclude we will examine the relationship between Malaysia and the International Monetary Fund.

II. Overview of Malaysia

Following riots between the Bumiputra (native Malays) and ethnic Chinese in 1969, the Malaysian government instituted the New Economic Policy (NEP). The goal of the NEP was to decrease racial tensions between the two groups by raising the wealth of the Bumiputra community. The Bumiputra currently comprise approximately 55% of Malaysia's 20 million inhabitants, compared to the 30% who are Chinese. The NEP promoted Bumiputra economic development through preferential access to education and training, hiring for public service, and contracts for the production of public-works projects. The United Malay National Organization (UMNO) is the major political party for the Bumiputra and has controlled the government for the past three decades. The Prime Minister, Dr. Mahathir Mohamad, has been in power since 1981. The results of the NEP have been twofold. First, the NEP succeeded in raising the living standards of the Bumiputra. Moreover, rapid economic growth has prevented the improvement of Bumiputra living standards from being at the expense of other ethnic groups. Secondly, the NEP (and its successor plan the NDP) have created a native Malay corporate elite which has strong ties to the government. The NDP has required that Bumiputra hold at least 30% of all locally incorporated companies.[2]

Table 1

Economic Indicators	1990	1991	1992	1993	1994	1995	1996	1997	Ave.
GDP (M$ bn) (market prices)	114.6	129.6	147.8	165.2	190.3	218.7	249.8	269.7	
GDP (US$ bn) (market prices)	42.4	47.1	58.0	64.2	72.5	87.3	99.3	95.9	
Real GDP growth (%)	9.8	8.7	7.8	8.3	9.2	9.5	8.6	7.8	8.7
CPI (ave. %)	3.1	4.4	4.7	3.6	3.7	3.4	3.6	2.7	3.6
Merchandise exports fob (US$ bn)	28.9	33.9	39.7	46.2	56.9	72.1	77.2	78.1	
Merchandise imports fob (US$ bn)	27.0	34.0	36.9	43.2	55.3	72.2	73.3	74.4	
Current Account (% of GDP)	-2.1	-8.9	-3.1	-4.7	-6.2	-8.4	-5.2	-5.3	-5.5
Reserves excl gold (US$ bn)	9.8	10.9	17.2	27.2	25.4	23.7	27.0	21.0	
Total external debt (% of GDP)	37.8	37.8	34.5	40.7	40.7	39.4	40.0	46.3	39.7

Source, EIU various issues.

Malaysia's economy has performed strongly over the past decades. From Table 1, Malaysia's strong economic performance is evident. Real GDP growth averaged 8.7% from 1990 to 1997. Malaysia has achieved this rapid growth, with some of the lowest inflation rates in the region. Inflation, as measured by the consumer price index, rose 3.6% between 1990 and 1997. This rapid growth has transformed Malaysia to a

semi-industrialized country with manufacturing comprising 34% of GDP in 1996. Moreover, Malaysia has achieved this growth with a fairly low external debt burden. Total external debt to GDP has averaged only 40%. The Malaysian government, despite initiating a system of preferential hiring and awarding of

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1 See p. 5 of this manuscript. (editor)
2 In February 1998, the government relaxed the 30% limit to allow indebted Bumiputra to sell shares to

contracts to build large-scale public works, has kept its budget balanced.

In the run-up to the recent crisis, however, there have been a few factors that have brought into question Malaysia's ability to sustain such rapid economic growth. By 1996, Malaysia had begun to suffer from a shortage of skilled labor. Malaysia's exports are dominated by the production of electronic goods. These products utilize Malaysia's relatively high-skilled, low-cost labor force. At end-1996, the unemployment rate was approximately 2.5%. As a result of rising wages and a lack of skilled workers, firms have begun moving to Indonesia and China. Additionally, Malaysia's exports have a heavy import content. Malaysia has relied on exports and a trade surplus to offset its reliance on foreign investment. This growing reliance on imported components to manufacture its exports, has reduced Malaysia's trade surplus and has caused the country's current account deficit to rise. The current account deficit reached a high of 8.4% of GDP at end-1995 and averaged over 5% in 1990-97 period.

III. Malaysia s Financial System

The Malaysian financial system was susceptible to the current crisis because of substantial risk taking by some banks. The ability of the banking sector as a whole to weather the crisis without having to turn to an IMF bailout is in part due to the high level of provisions and capital adequacy ratios. At end-1996 the average capital asset ratio was 11.5%.

Malaysia currently has 22 domestic banks and 13 foreign banks (all of which are domestically incorporated). Malaysia has had the same number of banks for the past two decades; growth in the banking system has come from the opening of branches of domestic banks. Malaysia suffered from a banking crisis between 1985-88, which affected 3.4% to 7.8% of the financial system's assets. Malaysia does not have explicit deposit insurance, but Bank Negara Malaysia, the central bank, has bailed out troubled banks in the past. Following the crisis of the mid-1980s, Bank Negara increased regulatory oversight. In 1991, the government liberalized all interest rates freeing them from the control of the central bank.

Bank Negara Malaysia has maintained a relatively good regulatory and supervisory system for the banking system. The banking system has historically been liquid. Bank Negara requires capital asset ratios

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other ethnic groups.

to be over 8%, specific provisions on loans past due more than 6 months, and general provisions of 1% of total outstanding loans. Beginning in 1995, the government began to push the development of Kuala Lumpur as a financial center. In June of that year, the government liberalized the capital market and eased controls on securing loans with shares. Consequently, Malaysian banks experienced a growing exposure to the property sector and stock market. End-1996 data shows that lending to the property sector increased by 29.9% and lending to buy stocks and mutual funds rose 30.5% over the past year.

By 1997, as the crisis began to unfold in Thailand, Malaysian firms had become dependent on cheap credit. In 1997, the average gearing (debt-to-equity) ratio of Malaysian companies reached 200%. In the run-up to the crisis, Malaysian banks were more aggressive in their lending policies. Total loans held by the public and private sectors reached 170% of GDP in 1997, one-third of these loans were to the broad property sector. The exposure of banks to the property sector and stock market made them vulnerable to sudden price declines.

Bank Negara Malaysia enacted a reform package in April 1997 to limit the risk- taking behavior of banks. The central bank lowered the percent of credit facilities distributed to the property sector to 20% of outstanding loans from 40%. Moreover, the central bank required that stocks could secure no more than 15% of total outstanding loans of commercial banks and finance companies. Bank Negara Malaysia also ordered banks to reclassify loans as nonperforming when the loans were not serviced for 3 months instead of 6 months. The central bank also increased the amount of general provisions banks must provide to 1.5% of total outstanding loans from 1%.

These steps taken by Bank Negara Malaysia before the devaluations of the Asian currencies were important in building up confidence and liquidity in the banking system. However, actions taken by the government designed to prop up the stock market and property sector undermined the central bank's policies. On August 21st 1997, Standard and Poor's downgraded Maybank, Malaysia's largest bank, from "stable" to "negative". On August 30th, the government asked banks to desist from calling in their margin loans to stock market investors, even if collateral limits were exceeded. On September 4th, the government announced it would set up a M$60 billion fund to buy stocks at a premium from domestic investors. The government also announced it would set up a bailout fund to be financed by the sale of bonds. The funds would be used to offset collateral shortfalls at banks. On September 25th, depositors initiated a run on Malaysia's largest finance company, MBF Finance. It was not until December 5th, that the government reversed itself and ordered banks to make margin calls and not to bankroll borrowers that were unable to honor their debts. In February 1998, the finance ministry announced plans to merge the 39 finance companies into 6 finance companies.

Unlike Thailand, which ordered banks to classify and call in problem loans, raise capital, and greatly increase provisions, Malaysia's reluctance to take similar actions has resulted in less of an apparent collapse in the banking sector. By end-1997, Thailand's nonperforming loans averaged between 20%-30%. Malaysia's nonperforming loans were only 6.8% of total loans at end 1997. By February 1998, nonperforming loans had risen to 8.7% of total loans. Some of this difference in the amounts of nonperforming loans can be attributed to the Malaysian banking sector's higher liquidity going into the crisis. However, the rest of the difference is likely to reflect Malaysia's reluctance to reveal its banking sector problems. Moreover, by end-1997, property prices in Malaysia had not yet fallen nearly as much as in Thailand. If property prices fall in Malaysia and banks disclose the extent of their problem loans, we are likely to see deterioration in the balance sheets of Malaysian banks.

IV. Conclusion

Malaysia, unlike Thailand, Indonesia, and South Korea, has not turned to the IMF for assistance. There are two reasons for Malaysia's actions. First, Dr. Mahathir Mohamad has the strongest political position compared to his contemporaries in the other three countries. Moreover, Dr. Mahathir's political strength stems from his creation of a corporate class of native Malays. Any IMF program would involve dismantling the system of preferences that has been in place for almost 3 decades. Second, the Malaysian banking system has been more liquid and has had higher capital-asset ratios than the banking systems in Thailand, Indonesia, and South Korea. Also, while Malaysia does have directed lending programs, these have not been on the scale of South Korea.

Malaysia was susceptible to the crisis because of its rising wages, its reliance on imported components for exports, its dependence on foreign capital, and its deterioration in bank balance sheets.

Malaysia's shortage of skilled labor has forced investors to question the country's ability to compete with China and Indonesia and, thus, its long-term growth prospects. Malaysia's dependence on imported components has reduced the country's trade surplus. The abundance of foreign direct investment has provided Malaysia with cheap credit for its banking system and fueled the boom in property and stock prices. Moreover, Malaysia had begun to rely on this investment to prevent the current account deficit from growing. The lending behavior of banks began to deteriorate as early as 1996. However, the industry's relatively high capital-asset ratios and provisions combined with the government's reluctance to force bankruptcies has prevented a short-run collapse.

Economic Slowdown in Japan in the 1990 s: A Summary

Lorne Johnson

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While the rest of East Asia enjoyed rapid growth through the early and mid 1990's, the largest economy in the region, Japan, grew at an anemic rate. Japan is far more advanced in its development than any other country in Asia. By this criteria alone, a Solow type convergence growth model would suggest a lower rate of growth. The more puzzling aspect of Japan's growth slowdown in the 1990's is that growth has all but disappeared completely. With a modest recovery in growth in 1996 having been nipped in the bud by the financial crisis in the rest of Asia in 1997, Japan is now facing its 7th year of near zero growth. The length of the slowdown suggests that problems may be present in the Japanese economy of a structural rather than simply a cyclical nature. The purpose of this brief effort will be to summarize the economy of Japan in the 1990's up to 1997 and to try to identify some secular and transitory influences which may have caused the economy to slow so dramatically.

The Japanese Economy 1990 1997

Entering the 1990's the Japanese economy was often held up as a model for other advanced industrial economies. Its high rate of savings and respectable rates of growth seemed to provide a model for ever higher living standards. In 1990, while the United States entered recession, real GDP growth in Japan was 4.8%, followed in 1991 by growth of 4.3%. Beginning in 1992 and coinciding with a rapid deflation in asset prices GDP growth in Japan slowed substantially to 1%, followed by 0.3% growth in 1993, .6% growth in 1994 and 1.4% growth in 1995. Only in 1996, following a substantial depreciation in the yen which improved profits in the export sector, did growth rebound to a more robust 3.6%.

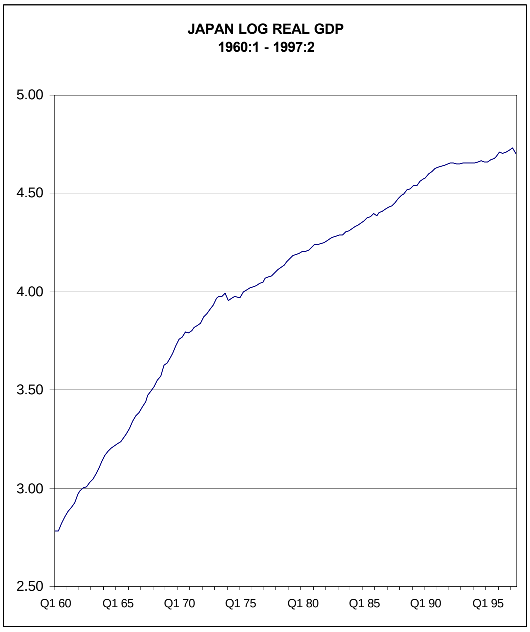
Table1.

GDP and M1 growth rates in Japan 1989-1996

	1989	1990	1991	1992	1993	1994	1995	1996
GDP Growth %	4.70%	4.80%	4.30%	1.00%	0.30%	0.60%	1.40%	3.60%
M1 Growth Rate	2.40%	4.50%	9.50%	3.90%	7.00%	4.20%	13.10%	9.70%

The starkness of the slowdown in Japan from the more or less stable growth following the 1973 recession can be seen in figure 1. Below

Figure 1.



Following the burst of the bubble economy in 1992 (discussed in more detail below), Japanese fiscal and monetary policy was marked by a series of efforts to stimulate the slow growing economy. From 1992-95, Japanese budgets included supplementary spending plans to provide for fiscal stimulus. In 1994 income taxes were temporarily cut in an effort to boost domestic demand. Monetary policy measures included a reduction in the official discount rate to a record low .5% by 1995 and increases in M1 growth of 7% in 1993, 4.2% in 1994 and 13.1% in 1995.

Potential Causes of the Slowdown

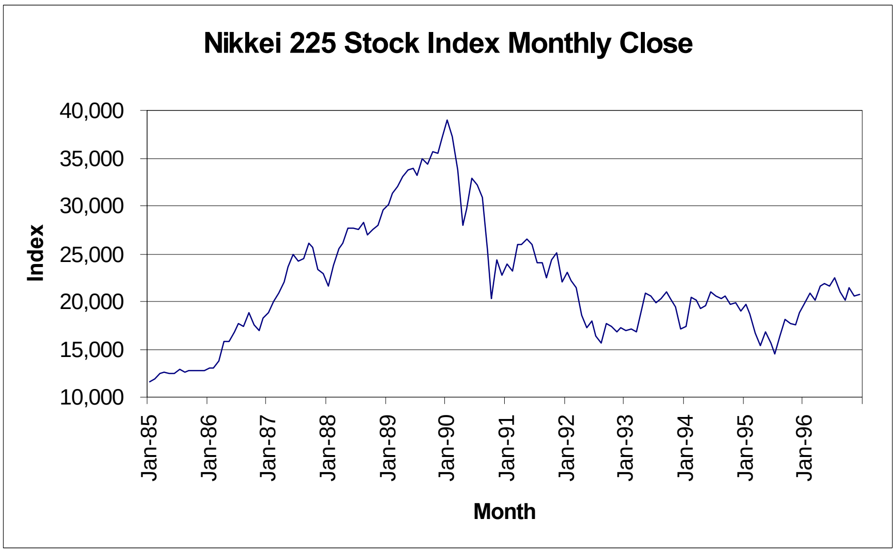
The Bubble Economy

What caused the rapid slowdown in the seemingly unstoppable Japanese economy has been in large part attributed to the collapse of the “bubble” economy which emerged in Japan in the late 1980’s, sending land and equity prices soaring prior to a general collapse in asset prices the early 1990’s.

The increase in asset prices in Japan in the middle to late 1980’s were impressive indeed. In December 1984 the Nikkei 225 index of Japanese stocks stood at 11,542. Five years later, in December 1989 the index stood at 38,915. An increase of 337% in 5 years. This compares with the 261% increase in the

DOW over the last 5 years (As of May 21, 1998). Land prices also rose at a dramatic rate. The index of commercial land prices for large cities rose from 38.4 in 1986 to 103.0 in 1991.

Figure 2.



Ito and Iwaisako (1995) attempt to separate out the fundamental and speculative factors contributing to the asset price inflation in Japan during the 1980's, concluding that the expansion had become a bubble by the late 1980's. Ito and Iwaisako find that until 1987, the movement of asset prices is more than likely consistent with changes in fundamentals. Sometime after 1987, however, and most certainly following monetary tightening in 1989, it is argued that the fundamentals previously justifying rapid appreciation in asset prices had been broken, and that the continued growth in prices was in the form of a stochastic bubble.

In part to slow down a growing wealth gap being created by the growth in asset prices, the Japanese Central Bank tightened monetary policy in 1989 and 1990. The following drop in asset prices was dramatic. The Nikkei stock index fell to 15,951 by June 1992 and the index of land prices fell to 71.4 by March of 1993. Commensurate with the fall in asset prices was a general slowdown in economic growth, evidenced by an eventual fall to a near 0% rate of growth in 1993.

Ever since the burst of the bubble economy, the banking system in Japan has shown increasing signs of weakness. This is evidenced by recent estimates that the banking system may hold as much as $600 billion in bad loans, much of it stemming from lending during the bubble economy. The drag that this weak banking system puts on the economy is very much a contributing factor to the continued absence of growth in Japan.

The Dual Economy

During the 1950's and 1960's, when Japan was growing at rates comparable to Malaysia and Thailand in the early 1990's, one of the most prominent features of Japanese industrial policy was the promotion of infant industries. Targeted industries with anticipated economies of scale were initially protected from foreign competition so that they could develop in the domestic economy. The most efficient of these companies than became exporters, competing in foreign markets and becoming even more efficient. The formula was extremely successful, resulting in a quadrupling in GDP from 1955 to 1973. Eventually however, the number of potential industries which could be promoted successfully through import protection was exhausted, and a dichotomy developed in the economy between the trading and non-trading sectors.

The case that the emergence of a dual economy is in large part responsible for the recent Japanese slowdown is made persuasively by Katz (1996). Comparing productivity in the non-traded and traded sectors of the economy relative to United States productivity, Katz finds that the variance in sectoral productivity has increased consistently since 1965 with the most productive industries in the trading sector and the least productive in the non-trading sector. This dual economy has resulted in high input costs for the productive trading sector stemming from artificially high costs in the import protected non-trading sector. The response of the more efficient sectors has been to move manufacturing overseas at an increasing rate in the 1990's, robbing the economy of the most obvious engines of job growth precipitating a "hollowing out" of the Japanese economy.

The Main Bank System

Before the emergence of efficient equity and bond markets in Japan, a disproportionate level of bank financing of business investment existed in Japan relative to other industrialized economies. Banks which became the primary lender to an individual firm over many years became the "main" bank to that firm, taking a special interest in the fortunes of that firm. Over time this tight relationship allowed for efficiencies in financial markets, as long term planning was conducted by both banks and firms jointly. In many instances banks lending to businesses in Japan also held stock in those companies.

While these tight relationships between banks and firms created efficiencies during Japan's boom years, in recent years it has probably contributed to the overall stagnation in the Japanese economy. Following the crash in asset prices with the burst of the bubble economy, banks faced a hit to their balance sheets not only in the form of bad real estate loans, but in the form of declining stock values which substantiated a large portion of the banking systems capital. This necessitated the issuance of additional debt by individual banks to shore up their balance sheets.

Conclusion

From the above discussion it should be clear that no single force is responsible for Japanese growth slowdown of the 1990's. More reasonable is the conclusion that a combination of secular and transitory influences have persisted in keeping the Japanese economy down. Now this combination of factors may be growing more complex with the emergence of the Asian Financial Crises in 1997, directly hurting Japanese export demand and indirectly sapping confidence in the entire Asian region.

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The Japanese Economy, 1997

Maiko Tajima

Introduction

The case for economic reform in Japan 1997 is based upon three separate considerations. First, to manage the changes caused by a rapidly aging society, Tokyo must reduce the central and local government's combined debt from its current level of $3.5 trillion. Second, there is a broad consensus in Japan that the role of the yen as an international reserve currency should be strengthened and that Tokyo's importance as a center of global finance should be built up. Finally, a large proportion of the Japanese people believes that their government is excessively large, unresponsive and inclined to corruption. The combination of a loose monetary policy and a tightened fiscal policy did not work effectively for an economic recovery, and resulted in an even stronger demand for economic and financial reform. In this section, we will discuss the policies adopted by the government and how each sector functioned in 1997.

Goods Market

The fiscal construction was carried out in response to the fact that the number of elderly people is rapidly increasing and that the government owned a huge debt. The population statistics in 1997 showed that the ratio of people over 65 to those over age 20 will increase from 20% in 1997 to 32% in 2020, suggesting the need to provide a reliable foundation for future security services. In order to meet this demand, the central government planned to cut the $3.5 trillion fiscal deficit from over 6% in the fiscal year 1996/1997 to 3% by 2003/2004(GDP ratio). The Hashimoto administration announced that consumption tax would be raised from 3% to 5% at the beginning of April 1997. However, the government failed to assess the artificially high growth rate in the first quarter 1997, which was actually affected by anticipation of the new tax imposion, and carried out the plan. This plan caused short-term price inflation, and depressed consumer spending alarmingly. Consequently, a bill reforming the medical insurance system was introduced in June in order to reduce social welfare spending, which included raising the proportion of costs subscribers pay from 10% to 20%. Affected by these plans, GDP growth rate for the second quarter shrank almost 3%, the worst showing in 23 years. The urgency of the need to cut the national debt suggests that taxes, probably indirect taxes, would have to be increased.

Financial Market

To support Japan’s weak financial sector and lower borrowing cost for small business and non manufacturing companies, the record low interest rate of 0.5% had been kept since September 1995. This loose monetary policy comparatively diluted expected return of domestic securities and Japanese institutional investors increased their holdings of foreign securities, which accelerated capital outflow. Compared with an increase in M1+CDs of 7.7% (year on year rate) in October 1997, the small rate of M2+CDs 2.8% indicates consumers think interest rates too low to justify tying their money up in longer-term instruments. The record low of the interest rate also put a downward pressure on yen value in the currency market, and the depreciated yen brought about an upwards trend of trade surplus, which in dollar terms grew by nearly 35% year on year in eleven months. The expanding export sector was the only bright spot on Japanese economy in 1997 and brought a widening of Japan’s politically sensitive current-account surplus.

The structural problem in the financial sector has not resolved yet. Because of inadequate government regulation, poor accounting practices and lending decisions based on non-economic considerations, 12% of the country’s outstanding bank loans were still either non-performing or at risk. The existence of $546 billion of bad loans (1997 EIU estimation) continues to threaten the ability of Japan’s financial institutions to meet the 8% capital adequacy requirement by the Bank of International Settlements. Falling stock prices and the weak demand for loans jeopardized the balance sheet of financial institutions and reduced their ability to write off their stock of non-performing loans. As a result, the medium sized insurer Nissan Mutual went bankrupt in April, and the other five financial companies including Yamaichi Security followed suit in November. Affected by these disastrous events, the reform plan “Big Bang” to modernize Japan’s financial market was advocated by the leadership of the Hashimoto administration. The plan to deregulate financial markets by the year 2001 consists of four main pillars, aiming at more intense competition and less protection for failing industries. First of all, to render the Bank of Japan more independent of the Ministry of Finance, and give central bank the autonomy on monetary policy. Second, to reduce the number of government ministries from current 22 to 13 for more efficient and effective bureaucracy. Third, to blur the line that divides commercial banks from investment banks and brokerage to promote more intense competition in the financial industry. Four, to eliminate taxes on currency transactions and to revise the foreign exchange law to encourage more free and large currency transaction. However, the weak power base of Prime Minister Hashimoto in the government and the enormous power bureaucrats still holds threaten the successful implementation of the plan. Considering the above fact, we should expect the narrower big bang deregulation of the financial system to proceed more or less as scheduled.

Labor Market

The characteristics of the labor market in 1997 were a high unemployment rate, low nominal wages and stable commodity prices. The reduction in corporate spending affected by deteriorating economic prospects discouraged recruiting activities, and a certain amount of jobs available in the companies were replaced with part time jobs. The upward pressure on commodity prices caused by the increased consumption tax in April was mitigated by the deterioration in supply demand balance and unwillingness of banks to take on new lending.

The Impact of Asian Financial Crisis

The Asian financial & currency crisis that unfolded first in Thailand in July 1997 and spread throughout South East Asian countries and South Korea lowered the expectation for sales in the region. Yen's rise relative to the currencies of newly enfeebled Asian countries depressed the exporting trend in Asia except for China, which sustained economic growth in 1997. On the other hand, the large share of the commodities & semi-finished goods that Japan's industry imports from these countries fell in price, and this trend resulted in an expansion of import activities in 1997. Also, the Japanese government played a prominent role in organizing emergency funding from the Bank for International Settlements and IMF for Thailand and pledged $4 billion in credit for the stable financial market in Asia.

III Economics Papers

Economics Papers – Asian Crisis

This is an incomplete reference list of economic papers/books that are related to the current Asian crisis. Hyperlinks for some of the papers are available on my Asian home page.

If you are aware of economics papers/books related to the crisis but not listed here, please e-mail me the information at <karyiu@u.washington.edu>

An updated list will be available on my Asian home page:
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If you are aware of economics papers/books related to the crisis but not listed here, please e-mail me the information at <karyiu@u.washington.edu>

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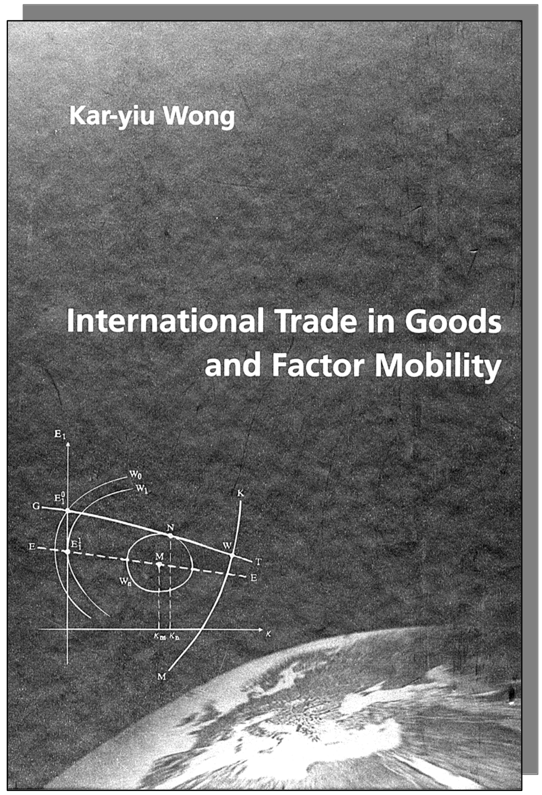
International Trade in Goods and Factor Mobility



by **Kar-yiu Wong.**
Cambridge, Mass.: MIT Press, 1995. Pp. xiv, 699. ISBN 0–262–23179–4. Second printing, 1997.

- up-to-date synthesis of the basic tools and survey results in international trade theory
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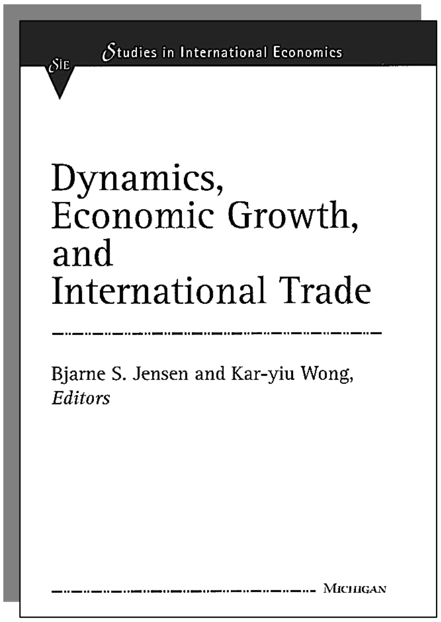

Edited by:
Bjarne S. Jensen <bsjensen.eco@cbs.dk> and
Kar-yiu Wong <karyiu@u.washington.edu>.
Ann Arbor: University of Michigan Press, 1997.
Series: Studies in International Economics.
Pages 364 + viii, 58 line, 3 tables, 6x9.

This volume collects 10 articles, including an extensive survey on growth and trade, written by prominent economists on issues related to the dynamics of international trade and the relationships between economic growth and international trade. Earlier versions of these papers were presented at an international conference held in Denmark, August 15-17, 1996.

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International Conference

The Asian Crisis:

The Economics Front

Seattle, Washington, U. S. A., December 29 – 30, 1998

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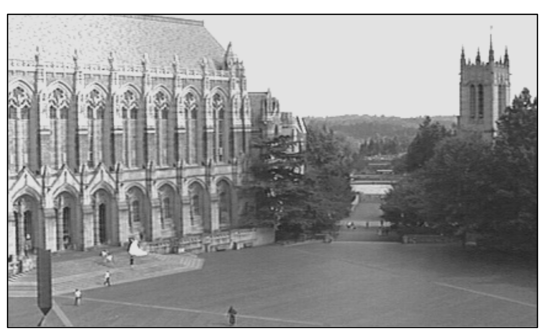
Both theoretical and empirical papers will be considered. Some possible topics for this conference are: the economic causes and effects of the current crisis; the economics of crisis with special applications to these countries; the relationship between Asian growth and the crisis; the roles of and impacts on foreign trade, currency and macro-management, resource allocation, and policies of these countries. The editor of the *Review of International Economics* has expressed an interest in publishing a special issue for selected papers presented at the conference.

Please check the ***Asian home page*** for information about the crisis, including country reports, chronology, and reference lists of economics papers on Asian growth and the crisis: **http://weber.u.washington.edu/~karyiu/**

If interested, please submit an abstract and a cover letter with your name, affiliation, academic position, address, phone and fax numbers, and e-mail address by **September 30, 1998** to *Kar-yiu Wong, Department of Economics, University of Washington, Seattle, WA 98195-3330, U. S. A.* [Submission by e-mail is possible: <karyiu@u.washington.edu>] If accepted, a completed paper is due on **November 10, 1998**. Please check the home page mentioned above for updated information about this conference.



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Have you been wondering what was going on recently in these Asian countries? What are the problems that these countries are facing? Why are they called a crisis? Is it a financial crisis, or does it involve some fundamental problems of these economies? How can these countries recover and how long will it take? How is it related to the growth of these countries and how may it affect their future growth?

How could countries, which have experienced growth so impressive that their economies have been regarded by some as the models of development, experience economic problems so big, so extensive, and so fast? Was their growth a miracle, or was it just a myth? What can we learn from their growth experience and the present crisis?

This home page includes some information about the crisis, including a chronology of selected countries, recent articles and commentaries, certain features of some economies, some links to statistical data and other pages, and selected economics papers on Asian growth. Obviously it does not offer answers to all the questions mentioned above, but it is hoped that the page can serve as a catalyst for discussion and analysis.

Three related to activities can be noted: (i) **Conference on the Asian crisis**, Seattle, December 29-30, 1998; (ii) **Workshop on International Trade, Factor Mobility, and Asia**," Hong Kong, July 27-31, 1998; (iii) A **manuscript on the Asian crisis**, with chronology, country reports, and reference lists. Please check the above home page for more information.

You are most welcome to participate in the following ways: (a) If you know of any information and links about the Asian crisis, please let me know. I will be happy to post them so that other people can download. (b) If you have any papers related to Asian growth or the crisis, please send me a hardcopy for inclusion on the Asian home page: Kar-yiu Wong, Department of Economics, University of Washington, Seattle, WA 98195-3330, U. S. A. [A diskette with the file will be helpful if you want to have it posted for others to download.] (c) If you are working on papers that are related to the Asian crisis, please let me know.

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