MPRA
Munich Personal RePEc Archive

Looking Back to the Asian Crisis

Kirrane, Christopher

January 2017

Online at https://mpra.ub.uni-muenchen.de/89104/
MPRA Paper No. 89104, posted 23 Sep 2018 01:32 UTC

Looking Back to the Asian Crisis; lessons for the IMF

Chris Kirrane

ABSTRACT

The IMF is now focused on crisis prevention and management, particularly in developing and transition countries. While confirming that the IMF as a centerpiece of the international financial system, the Asian crisis tends to demonstrate the limits, or excesses, of its action. A redefinition of its role and mandate seems necessary.

Since its establishment at the end of December 1945, the role of the IMF has changed considerably because of the abandonment of the fixed exchange rate system, but also because of the rise of financial globalisation, which has profoundly the way that the institution was supposed to administer (Kirrane 1995). In addition, these countries today have little need of any financial support from the IMF as they can easily rely on international capital markets. The activity of the Fund has therefore shifted both sectorially and geographically. It has increased its supervisory role; at the same time, the focus of its interventions has gradually shifted to developing countries and economies in transition. In fact, the IMF is in a sense condemned to focus on the countries it can influence through the conditions attached to the loans it grants (Padoa-Schioppa and Saccomanni 1994).

On the occasion of the IMF's 50th anniversary in 1994, the Director General, Michel Camdessus, stated that the institution was adapting to changing circumstances without renouncing its original mandate. Thus, although it is true that surveillance, which was part of the original mandate of the Fund, is still its main area of action after having taken precedence over the objective of exchange stabilisation from 1976,[1] it remains to question the effectiveness of these interventions during the Asian crisis.

During the summer of 1997, East Asia was plagued by financial difficulties (banking crises, foreign exchange crises, etc.). The crisis erupted in early July with the decision of the Thai authorities, under the pressure of repeated speculative attacks since the beginning of the year, to float the baht, then their appeal to the IMF. The appreciation of the dollar against the yen and the main European currencies was the detonator of the crisis. Indeed, this persistent appreciation since the summer of 1995 rendered the policy of anchoring the Thai currency to the dollar more and more unsustainable, aggravating the difficulties already experienced by the country, in

[1] In 1976, the IMF's statutes were amended for the second time. The Fund is then responsible for promoting a stable exchange rate system and no longer defending a system of stable exchange rates (fixed but adjustable).

particular because of the growth of its exports. The slowdown in Thai growth and exports was fueled in particular by the industry's loss of competitiveness due to rising wage costs.[2] Finally, the confidence of foreign investors was also undermined by increasingly obvious weaknesses in the banking sector, fueled by real estate speculation, the accumulation of non-recoverable debts, and so on. The increasing probability of a fall in the value of the Thai currency against the dollar heightened concerns since a depreciation could only destabilise the banking and financial system as a whole by increasing the debt load largely contracted in dollars and without coverage.

Speculative attacks then spread to other countries in the region (Indonesia, Malaysia, Philippines), which also had to appeal to the IMF (Indonesia in October 1997 and Korea in November). The sources of contagion are many and different in different countries: the similarity of macroeconomic imbalances (notably the widening of the current account deficit) partly explains the spreading into neighbouring countries, however, in the case of Malaysia and to a lesser extent Indonesia, it is probably the effect of competitiveness that has been the main vector of contagion. As the different economies of the region compete on common external markets, since one of them, in this case Thailand, renounced the dollar peg, the temptation became strong, even irresistible, for the others to do the same so as to not lose competitiveness and not to see their market shares decrease compared to those of competitors. Speculators, perceiving the weight of this temptation, attacked the currencies of neighbouring countries of Thailand. Weaknesses in the banking sector, which is another point common to all these economies, certainly also contributed to making currencies more vulnerable. This characteristic was also found in South Korea, the last economy to have been hit by and yet did not practice a policy of pegging its national currency to the dollar. In the latter case, the close relationship between the state, banks and large industrial groups explains the accumulation of risky loans, which dealt a fatal blow to the entire financial system and undermined the confidence of foreign lenders.[3]

Regarding the IMF, the essential lesson that can be drawn from the Asian crisis is the partial failure of the ambitious programme that had been put in place in the aftermath of the Mexican crisis: in particular, the role of the information was clearly insufficient to avoid the financial crisis in Thailand, then its spreading to the rest of the region.

After the Mexican peso crisis, the IMF stressed the need 'to provide the market with timely and complete information on key economic variables' (Overlay 1995: 42) as the only way to improve surveillance to member economies[4] and ultimately avoid new crises. The project on the definition of leading indicators of macroeconomic slippages was to lead to the introduction in early 1996 of the special standard of dissemination of data (special data dissemination standard). Key indicators include the level of international reserves, the balance of payments, monetary aggregates, the budget balance, inflation and growth rates.

The failure of the prevention mechanism was, in fact, predictable: it was indeed an illusion to believe that better information gathering and circulation could be enough to avoid crises. First of

[2]In the case of Thailand, the decline in global demand for semiconductors observed in the course of 1996 has certainly played a role, but probably less important than in the case of Malaysia for example. In any case, it is mainly traditional exports, such as textiles and clothing, which have stalled.

[3]The bankruptcies of large industrial groups and the financial scandals around these same groups accumulated during the first six months of 1997.

[4]Until then, surveillance was mainly through annual consultations conducted by Fund missions and regular discussions on the global economic outlook.

all, since the information transmitted to the IMF comes from certain departments or agencies of the member countries, they can be manipulated and are therefore necessarily unreliable, for example, the inaccuracy of the figures provided by South Korea,

Indonesia, Thailand and Malaysia on their respective levels of indebtedness[5] and foreign exchange reserves was a shining example of the intrinsic weakness of the system. On the other hand, traditional macroeconomic indicators were not enough to give a clear picture of a country's situation. Thus, in the case of Asian economies, the role of the private sector in the outbreak of the crisis was such that information on the situation and modalities of private sector indebtedness would have been necessary, but they were not readily available. .

In addition to the fact that it was not necessarily easy to identify the most relevant information, it would also be naïve to believe that their mere publication would prevent all slippage in time. In addition, errors of interpretation were always possible: proof of the systematic complacency of observers towards Asian economies.[6] The short-sightedness of the major international rating agencies, which generally downgraded the ratings of Asian economies once the crisis was clearly declared and not before, provides an excellent example of this kind of attitude.

Finally, the role of information and warning signs in the prevention of crises is also by definition delicate as these signals can themselves be the cause of panic phenomena on the markets. Given the gregarious nature of investors, the mere fact of drawing public attention to certain points of vulnerability in an economy may trigger panic movements, and thus incite information holders to interpret them in an alarmist way.[7]

At the theoretical level, the partly self-fulfilling character of the currency crises that hit the dynamic economies of Asia undermined the prevention strategy. Indeed, if one accepts the idea that a crisis may be triggered by a reversal of expectations not based on the deterioration of 'macroeconomic fundamentals' but on any event deemed relevant, such crisis (or at least the exact moment when it will be triggered) is by definition unpredictable, compromising the chances of being able to prevent it.

In the case of the Asian crisis, many people accused the IMF of 'not having seen it coming'. This accusation is excessively severe. IMF experts were apparently surprised by the speed with which Thailand's difficulties spread and the extent of contagion;[8] however, the possibility of a crisis in Thailand had been clearly identified, as evidenced by the numerous warnings issued by the Fund throughout 1996.[9] A continuous dialogue was maintained between the IMF and the Thai

---

[5]The importance of private debt also partly explains the vagueness. In the case of Indonesia, the multitude of stakeholders increased the estimation difficulties

[6]This is another form of what the Managing Director of the IMF calls the 'logic of denial', which consists of the Asian public authorities not wanting to see the reality in the face of the gravity of the situation.

[7]The IMF used this line of defense itself to justify maintaining its optimistic forecasts. It should be emphasised, however, that the institution did not fail to describe the situation alarmingly, triggering, according to some, an acceleration of withdrawals of foreign capital.

[8] On this point, the surprise is general and the most critical observers of the 'Asian miracle' Like Paul Krugman admit to not having anticipated the brutality and magnitude of the financial collapse in Asia. In the World Economy Outlook supplement published in December 1997, IMF economists also admit that they had in no way anticipated the gravity or extent of the financial difficulties of the East Asian countries in crisis.

[9] In this regard, it appears that the IMF showed greater foresight than in the case of Mexico two years ago. Some observers, however, dispute this view (Sachs 1997).

authorities, and there had been pressure for emergency measures to be taken. In Indonesia, the excessive growth of credit to the private sector was already a source of concern in 1996 as the Central Bank imposed certain limits on various banks and other credit institutions. Lesser foresight seems to have prevailed in the case of Korea.

Even if the IMF did not ignore the risks, the fact remains that its warnings were in vain.[10] The Fund's ability to influence was clearly limited and its main weakness may be in fact its incapacity to cite any ex ante coercive power.[11] Since the IMF is dealing with sovereign states, it cannot, outside periods of acute crisis, force them to reorient their economic strategy. Its powerlessness is further aggravated by the fact that so-called emerging economies now have easier access to private capital markets.

One of the main causes of the difficulties seems to have been the inconsistency between the degree of financial liberalisation and the degree of maturity of local financial institutions. Therefore, a conclusion seems to be needed, which would strengthen the defenses of emerging economies against the turbulence imposed by financial globalisation. In the short term (that is, as long as these economies do not have the necessary maturity), there may be a question of reducing the effects of globalisation by limiting the mobility of capital[12] and, in the longer term, put in place a stronger local institutional framework.

In the case of East Asian countries, it was the dysfunctions of the banking systems that were at the heart of the difficulties, which obviously led to steps to improve the prudential regulation of this sector at both national and international level. This posed a problem, however, since some rules may be valid under certain conditions and may be insufficient in others, as the example of Indonesia, which conformed to principle to the Cooke[13] ratio requirements for years. In this area, it may be appropriate to capitalise on the expertise already acquired by the BIS (Bank for International Settlements), but the IMF probably also has a role to play, especially in the area of exchange rate surveillance.

Despite this rather negative observation on prevention, the crises also had some positive, albeit partially ambiguous, aspects: the extent of IMF interventions and the spontaneity of the calls made to the Fund by states facing financial difficulties was a clear departure from the past, with the role of the IMF as the centerpiece of the international financial system. In the case of the peso crisis, the IMF was initially ignored since it was initially a 100% US intervention. It was only after the disagreement between the Presidency and Congress that the IMF sought to regain control (Minton-Beddoes 1995, Shields 1997). In the case of the Asian crisis, the IMF was front

[10]It must be recognised that it was probably not easy for the authorities to admit that real weaknesses were threatening the system when they had managed to maintain strong growth for years. It is this difficulty in becoming aware of the problems that would later fuel the logic of denial, that is to say the refusal by the authorities of the countries concerned to recognise their share of responsibility in the outbreak of the crisis.

[11]The IMF conditionality, which will be discussed below, constitutes ex post coercion.

[12]Some authors, like James Tobin, advocate imposing, for example, a small tax on all capital movements, which would have the effect of discouraging short-term movements by making them more expensive without undermining long-term movements. For a proposal along these lines, see for example Stiglitz (1998).

[13]Established within the framework of the Bank for International Settlements (BIS), this international solvency ratio requires credit institutions to maintain a level of own funds at least 8% of their assets, themselves weighted according to the level of risk attached to them.

and centre, although the need for Washington's support was rapidly felt. Perhaps the United States' commitment to Thailand's rescue operation failed to restore confidence in the region. In any case, the spontaneity of recourse to the IMF - even if, in some cases, as in Korea, the authorities showed some hesitation - shows greater credibility of the institution. The seeming automaticity of its interventions could, however, itself be at the root of difficulties, as will be shown later, especially as it lacks legal foundations.

Although prevention obviously did not work well, the crisis management system was apparently successfully. Thus, the emergency financing mechanism set up in the summer of 1996 was used for the first time in the case of the Philippines in July 1997. The scale of the crisis, however, forced the establishment of another mechanism, ease of supplementary reserves[14] which was used for South Korea in the course of December 1997. This scheme, aimed at Member States facing exceptional difficulties in their balance of payments due to market fluctuations, aimed to provide funds more quickly, but the repayment would be faster and above all more expensive. The aim was to discourage late recourse to the IMF and help solve the moral hazard problems discussed in the next section.

Any financial rescue operation by definition poses a so-called moral hazard problem. The use of a guarantee entails the risk of not discouraging or even encouraging risky behavior. In addition, once the rescue operation is implemented, there is a great risk that it will encourage the beneficiary authorities to delay the necessary adjustments.

The purpose of the principle of conditionality is precisely to solve the problem of moral hazard by compelling the beneficiaries of the rescue operation, generally the States, to a certain economic discipline. Conditionality discourages public authorities from persisting in bad ways because of the rigour of adjustment programmes imposed by the IMF to punish defaults. It has an undoubtedly dissuasive effect on the political leaders, who will have to face the popular discontent that will not fail to engender the application of the austerity programmes accompanying the rescue operations. Hence, moral hazard seems to be solved through conditionality in the behaviour of governments.

It should not be forgotten, however, that conditionality, if it is too strict, can have the opposite effect to that sought by encouraging governments to delay the moment when they turn to the IMF, thus aggravating the difficulties they are prey to (Fischer 1997).

In addition to this possible perverse effect, conditionality does not in any case eliminate moral hazard altogether, particularly because of the growing role played by the private sector. In Asia, it was in fact the markets that the IMF's interventions made it possible to bail out, even indirectly, and not the States, since the bulk of the debt was made by private operators (banks or companies) and not by governments. It was indeed the local private investment banks that fueled

[14] The modalities of the loan mechanism were the following; the loan was disbursed over one year in two or more installments instead of three years for a conventional confirmation agreement. Repayments were made over one or one-and-a-half years, as opposed to three-and-a-half to five years for a traditional confirmation agreement; Moreover, on this loan the country paid a surcharge of 300 basis points on average rate, and, beyond one year, the balance underwent an increase of 50 basis points until the end of the repayment period and again every six months until the overload reached 500 basis points (IMF, Press release, No. 97/59, December 17, 1997).

debt by lending indiscriminately in the real estate sectors in particular, thanks to funds easily obtained on the international capital markets.[15]

Thailand, for example, this process was fueled by the BIBF (Bangkok International Banking Facilities[16]) which assured the intermediation operation between international creditors and Thai traders involved especially in real estate projects. In South Korea, bad debts were the result of loans granted to major industrial groups[17] (chaebols) by banks acting more as agents of the government than as credit institutions.The intervention of the IMF consisted of bailing out the finances of the government to enable it to take on the debt of the private operators. Under these conditions, the IMF intervened, not to punish the mistakes of governments, but to correct the dysfunctions of the private sector, which was a major departure from its original mandate. Moral hazard was also reinforced in this case, as financial intermediaries, even if they had not received explicit guarantees from the state, felt protected from the risks because of the extremely close links between the leaders of these institutions and politicians.[18] Conditionality in the traditional sense of the term, imposed by definition on governments, could only have a reduced influence under these conditions and moral hazard remained intact in this new configuration. It was also questionable whether IMF interventions for the benefit of private operators were not the gateway to repeated system malfunctions.

Finally, while it is true that the difficulties of the emerging economies were due to internal private defaults, they have also been fed from the outside by agents on whom conditionality has no hold either. It is not always easy to discourage markets from lending to governments that persist in bad policies or to private agents who take on excessive debt. Some agents of the private sector may be too eager to lend to a country if they know it will appeal to the IMF instead of being unable to pay its debts.

Thus, during the Mexican peso crisis, it was the holders of tesobonos[19] and other securities of the same type that were the main beneficiaries of the rescue operation: after having benefited from considerable returns in exchange for theoretically very high risks, they were taking, they finally did not have to face the supreme risk, that of not being paid because of the currency crisis, thanks to the intervention of the IMF (Shields 1997). The absence of sanctions for these agents could give rise to fears of further defualts of the same kind in the future. In the case of the Asian crisis, foreign lenders, who were partially responsible for the disorder because they were the ones who fed the spiral, get away with it. In South Korea, for example, major foreign creditors were, under

[15]In fact, if these funds were so important, it was primarily because the 'Asia' risk was considered relatively low but also probably because the 1995 experience in Mexico had shown that international institutions were ready to provide a safety net for foreign creditors in case of difficulties. In the World Economy Outlook supplement published in December 1997, however, the IMF rejects this second hypothesis.

[16]This was an offshore banking market established in 1993, whose objective was to facilitate regular inflows to Thailand to meet the growing investment needs. The mechanism allowed foreign currency indebtedness to provide baht loans for the benefit of local businesses

[17]This situation is reminiscent of the Chilean crisis of the 1980s, during which excessive borrowing was contracted by large conglomerates (grupos).

[18]The problem of moral hazard therefore comes at two levels, international and national, since implicit government guarantees encourage the risky behavior of local private operators. The problem of moral hazard at the national level can be partly solved by increasing the transparency of banking sector practices.

[19]US Dollar-linked Treasury Bills would be required.

the leadership of the major US banks, to negotiate directly with the public authorities for the conversion of a large portion of short-term private debt into long-term debt with a guaranteed by the State, which amounted in a way to nationalisation of private debts.

Since the private sector is at the root of the problems, the international community should ensure that it shares the financial costs of crisis solutions (Fischer 1997). This is likely to explain the IMF's inflexible stance on the necessary consolidation of the Indonesian banking sector, for example, or its insistence that some Indonesian and Thai banks with bad debts, or the over-indebted Korean chaebols, be put in bankruptcy (Camdessus, 1997). The absence of bankruptcy legislation in most of these countries, however, did not help matters. In addition, as noted above, sanctions did not necessarily affect all those responsible. In general, the market sanction for operators who were too adventurous remained a prerequisite for the smooth running of the system (Adda 1996). IMF interventions as a lender of last resort, however much they may be needed, should not be automatic in any way, otherwise they run even greater risks to the system. The lack of clarity on the conditions of intervention as a lender of last resort is probably the answer. On this point, however, the IMF's room for manoeuver is narrow, since it is about ensuring the short-term stability of the international financial system without compromising it in the long run by increasing moral hazard. In fact, the challenge is to find a way to maintain capital flows to emerging economies by providing credit guarantees, but at the same time imposing certain risks to avoid massive flows and misguided uses.

Apart from the very principle, the modalities of possible intervention by the IMF were also problematic. The provision of emergency aid to re-launch struggling economies was always accompanied by economic policy recommendations intended to correct the causes of imbalances, but the focus of these recommendations was rarely agreed upon.

The effectiveness of the interventions was first of all far from being indisputable. Thus in Asia, contrary to what was observed in the case of Mexico, the massive IMF intervention did not stop the fall of currencies or stock markets.

The first question is whether the conditions imposed by the IMF to the States in difficulty were appropriate.[20] Since most of its work had shifted away from the industrialised countries to concentrate on developing countries, the IMF has mainly tackled the problems of three categories of countries: the poorest countries (mostly in Africa), the so-called countries in transition (from Central and Eastern Europe) and the indebted countries of Latin America. The remedies advocated in the case of Thailand and South Korea in particular were comparable to those that were successfully administered in Mexico in 1995. However, the difficulties faced by the dynamic countries of Asia were of different nature, since it was the banks and the big industrial groups that were indebted and not the public authorities, one can only be sceptical about the effectiveness of these remedies. In South Korea, for example, the setting of an inflation target of only 5%, while the local currency, the won, lost more than 60% of its value in 1997, did not appear to be reasonable. The recessionary impact of the proposed policies (contraction of domestic demand, restrictive monetary policy, increase in tax revenues by broadening the tax base, etc.) was hardly in doubt, and one can then legitimately question the desirability of such

[20]See, for example, criticisms by Sachs (1997b), or Wyplosz (1998).

policies for a country that has faced an implosion of its banking system. In the case in point, the imposition of high interest rates and an austerity programme to curb growth did nothing to help the restructuring of the financial sector, quite the opposite.

The IMF's aid programmes have, it is true, changed somewhat over time and now include, alongside the traditional orthodox recommendations, a series of measures that include the restructuring of the banking sector. According to a confidential IMF report, the institution had contributed to shaking confidence and exacerbating the crisis by, for example, demanding the closure of 16 banks in Indonesia. Moreover, while the need to clean up the banking and financial system as a whole was indisputable in most crisis-stricken Asian countries (and in particular in Thailand, Indonesia and South Korea), the modalities for achieving this objective were, to say the least, open to criticism. Beyond that, by seeking to correct private sector defaults, the IMF was likely to overstep its mandate and risk somehow becoming guilty of interfering with the internal economic affairs of some countries. In the case of Indonesia, for example, by demanding in-depth reform of the modus operandi of the entire economy, the IMF went too far. While there is no doubt that the country would benefit from operating in a more transparent environment and free of the distortions imposed by the persistence of monopolies and other barriers to competition, it is legitimate to ask whether it is up to the IMF to dictate its conduct to the Indonesian government, especially since the social costs were considerable.[21] Paradoxically, in this country, it seemed that the insistence of the IMF to put in place an inadequate adjustment policy ended up generating the difficulties that it was supposed to solve by feeding in particular the resumption of the inflation.

The IMF's difficulties with this crisis were probably due to the excessive extension of its mandate. Initially tasked with resolving balance-of-payments imbalances, the IMF gradually felt invested with an ever wider mandate without its analytical instruments being modified, or any collective reflection on the best ways to implement it.

The record of IMF action in the Asian crisis was mixed, to say the least. However, the institution must probably be less criticised for its inability to prevent crises than for its clumsiness in their management. Beyond this, the Asian crisis highlighted some questions about the Fund's role, the desirability and the legitimacy of its interventions.

The relative failure of IMF interventions was due to the inadequacy of the institutional framework designed in the 1940s to manage relations between nation-states operating in an environment of segmented markets and reduced mobility of capital. The ad hoc adaptation of the institution's mandate posed a problem, in particular because of the rise of the private sector.[22] Today, financial markets are functioning globally and the private sector is playing a growing role, while the institutional framework remains nation-state based. If the IMF wants to stick to its original mandate of ensuring the prosperity of the member states by guaranteeing a certain

[21] The question seems all the more legitimate as it is the poorly controlled application of IMF recommendations on financial liberalisation which may be held partly responsible for the financial defaults that led to the crisis.

[22] From this point of view, the Asian crisis constitutes a fundamental change in relation to the Mexican peso crisis and brings new lessons.

stability of the international monetary system, it must now acquire new instruments and consider much more cooperation with some other institutions.

With regard to crisis management, the inadequacy of the mechanisms currently in place in relation to the modus operandi of the international economy is also evident. The tightness of the IMF's macroeconomic approach in fact reflects the gap between the instruments at its disposal and the growing burdens it believes it has to assume. It must be acknowledged that the IMF initially intended to assume the functions of lender of last resort with countries facing balance of payments problems; in Asia this was not the case since private operators (banks and companies) were at the heart of the difficulties. The role the IMF is expected to play in developing economies facing acute financial difficulties is far from clear. The imprecision of its mandate has led to several types of abuses such as the rescue of private operators and interference in the definition of how the economies operate.

Consequently, the time has probably come to redefine the role of the IMF and its mandate, but also to clarify the conditions of its interventions and their articulation with those of other institutions such as the World Bank (Kirrane 2003). A new conference, similar to that held at Bretton Woods in 1944, may clarify the responsibilities of the various multilateral economic institutions which will be required to cooperate more closely in the future to ensure the stability of the international monetary and financial system.

BIBLIOGRAPHIC REFERENCES

Adda, Jacques (1996), *The globalization of the economy*, Discovery, "Landmarks", Paris.

Bergsten, Fred (1997), "The Asian currency crisis: how to fix it?", *Foreign Policy*, No. 4, Winter.

Camdessus, Michel (1997), "The Asian Crisis and the International Response", speech to the Institute of Advanced Business Studies (IESE) of the University of Navarra, 28 November.

Camdessus, Michel (1995), "The Mexican Financial Crisis, Its Origins, the IMF Response and Lessons Learned", *Financial Economics Review*, Vol. 33, Summer.

Feldstein, Martin (1998), "Refocusing the MFI," *Foreign Affairs*, March-April.

Fischer, Stanley (1997), "Liberalization of Capital Movements and the Role of the IMF," *IMF Bulletin*, Vol. 26, No. 19, 27 October.

Johnson, Bryan and John Sweeney (1997), "Down the Drain: Why the MFI Bailout is Wasteful and Will not Work," *Heritage Foundation Backgrounder*, No. 1150, December 5.

Kirrane, Chris. (1995), "The Bretton Woods Experience and ERM", *European Economic Integration Review*, Vol. 13, p.23-34.

Kirrane, Chris. (2003), "The IMS and the Euro", *European Political Economy Review No. 1 (March 2003), pp. 153-65*

Minton-Beddoes, Zanny (1995), "Why the IMF Needs Reform," *Foreign Affairs*, vol. 74, No. 3, May-June.

Padoa-Schioppa, Tommaso and Fabrizio Saccomanni (1994), "Managing a Market-Led Global Financial System", in Peter B. Kenen, (ed.), *Managing the World Economy - Fifty Years after Bretton Woods*, Institute for International Economics , Washington, DC

Sachs, Jeffrey (1997a), "IMF Orthodoxy Is Not What Southeast Asia Needs," *Herald Tribune*, November 4. Sachs, Jeffrey (1997b), "Power unto itself," Financial Times, December 11.

Sgard, Jérôme (1997), "Financial Crises: the danger of an IMF at open windows", *Le Monde*, December 2.

Shields, Jon (1997), "The evolving role of the IMF in the light of the 1994/95 Mexican crisis," *Bank of England Quarterly Bulletin*, Vol. 37, No. 3, August.

Stiglitz, Joseph (1998), "The Role of International Financial Institutions in the Current Global Economy," Address to the Chicago Council on Foreign Relations, Chicago, February 27.

Wyplosz, Charles (1998), Globalized Financial Markets and Financial Crises, *mimeo*, March 17-18.