The Effects of Financial Crises on Developing Countries

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Abstract

In ten years, emerging countries have moved from net borrowers to net lenders. At the root of the 1997-98 financial crisis, they became collateral victims of the 2007-08 crisis that erupted in the United States and Europe, after having withstood relatively well at first. This article proposes an analysis of the repositioning of emerging countries in the global financial sphere on two levels. This concerns, on the one hand, institutional representativeness vis-à-vis the industrialized countries, the IMF and, on the other hand, the role of emerging countries in the context of a contagious financial crisis. In this sense, the article raises the question of the coupling or the decoupling of the economic cycles of the emerging countries with those of the industrialized countries, in an environment of financial interconnection. Indeed, this 2008 crisis will appear as a shock common to emerging countries from a financial point of view, while the Asian crises of 1997-98 were not triggered by common shocks. But the economic decoupling hypothesis has yet to be verified: everything will depend on the depth of the US recession and the continued strength of domestic demand in emerging economies.

After the financial crises they were responsible for in the 1990s, emerging countries received, during the first half of the 2000s, many qualifiers concerning their place in the international financial sphere: tipping of financial power, rebalancing, repositioning, because of the constant maintenance of higher economic growth developed countries, improving their fundamentals from 2002-2003, of their change of borrower status net lender, as well as the accumulated amount of foreign exchange reserves over the last years. Their resistance, at first, to the 2007-2008 crisis, born on the stock markets and the money markets Americans and Europeans, stressed again their economic strength and financial. Statements by Heads of State and Government emerging markets, in previous months and during the G20 November 15, 2008, April 2, 2009 and September 24 to 25, 2009, are only a reflection of their newfound legitimacy and their need to recognition by industrialized countries and international institutions like the IMF. Their demand for a better representativeness in these institutions can no longer be rejected, any more than that, formulated during the G20, to lead international institutions in the future But from August 2008 to September 2008, emerging countries have collateral victims, by different mechanisms of transmission, of the crisis in the United States and Europe. These are the first emerging markets and currencies that have been affected and then the real economy. The crisis of 2008, the recession in the industrialized countries will they be a common shock for emerging countries? In how will their business cycle be affected? If he is little affected, we can then talk about decoupling the business cycles of emerging countries with those of the industrialized countries or at least one emerging countries, which will accentuate their strength economic and their repositioning.

In any case, because of the progress made, the emerging economies must be reconsidered in the international financial sphere at two levels: on the one hand, their institutional representation, although this may take time, and secondly, their role within of a financial crisis. They are no longer the poorly managed, over-indebted countries of the 1990s, at the origin of a financial crisis.

On July 2, 1997, Thailand devalued its national currency, does not more likely to face speculative attacks due to lack of reserves currency exchange. A currency crisis, a stock market crisis and a crisis banking on the national and international bank credit market, a "trinomial" of crises, burst. The sanction of the markets is then ruthless: an economy whose actors, banks and companies, are heavily indebted at the national level, but also international, can no longer function if external financing is cut (Cartapanis, 2004).

An unexpected and contagious financial crisis In a context of euphoria, further liberalization financial sector, the private debt overhang of national economies, then in relation to foreign creditor banks, in particular Japanese for the Asian and American economies to Latin America, has been gradually established since 1993. The episode 1994 Mexican did not seriously disrupt the financing outside of Asian countries. Adverse selection, moral hazard, myopia disaster finally made Asian borrowers bad borrowers, borrowing funds with lower interest rates to abroad to invest in high-risk risky projects anticipated. No national supervision has been able to counteract these excessive behavior, with most Asian banks the Basel I ratio, for example. The fixed exchange rate, the intervention IMF in Latin America a few years ago and always strong financial returns, apparently decoupled from those of the industrialized countries, encouraged foreign investors, international banks to invest in these economies. The loans international banks were overwhelmingly granted (end of 1996, $ 708bn in emerging markets - 57.7% in the short term - including $ 367bn to Asia and $ 242bn to Latin America). Since the moment when the external creditors realized not only the breathlessness of certain economic sectors, but also over-indebtedness, they doubted the quality of the balance sheet of Asian banks, revised their perception of emerging market risk and withdrew their funds on the liabilities side especially banks, first by disengaging from Thailand 1997, followed by other Asian countries (Indonesia crisis in August 1997, in Korea in December 1997, in Malaysia in September 1998) and other emerging countries (Russia in August 1998, Brazil in January 1999), with more or less discrimination. The transmission from the crisis to other economies may have resulted from several factors (Brana and Lahet, 2005). On the one hand, countries close to Thailand in terms of fundamentals also suffered speculative attacks: this will be called the discriminating contagion that would have triggered crises very close chronologically to the Thai crisis (Kirrane 2017).

On the other hand, a crisis can be triggered in a country emerging, following a crisis in another emerging country, as a result of the change in global perception of foreign investors on the emerging-country asset class, regardless of the actual state of health of the country: it is the pure contagion that would have explained the following crises. In any case, the transmission of the crisis has borrowed financial channel or that of the joint creditor of Kaminsky and Reinhart

(2000). Due to losses on Thailand, investors have redeveloped their portfolios of securities or loans and withdrawn their cash other emerging economies: an international liquidity crisis then takes shape on the basis of internal problems in emerging countries and the change in investor behavior towards them.

Faced with the denial of Asian governments and their declarations virulent against speculators, the IMF has struggled to collect the attention of Asian countries. But the proposed financial rescues, first, to replenish foreign exchange reserves and maintain external payments, and secondly, to restructure savings, appeared necessary. Unprecedented amounts have lent ($ 35 billion to Thailand, $ 57 billion to Korea), packaged rigorous adjustment programs. This conditionality then been much criticized, as well as the Washington Consensus on which it is based, the IMF having been made responsible for the recessions economic problems that hit countries in 1998 as a result of imposed.

The IMF found itself at the center of virulent criticism about its action in Asia (too rigorous and inadequate reform plans, inability to anticipate and manage the crisis, moral hazard linked to its policy of support, no renewal of its mode of regulation), than about his missions in general. The IMF has been criticized for failing in its basic mission of financial aid to countries in difficulty temporary balance of payments and finally have put good number of emerging or developing countries under its supervision by undermining their representation (linked to the calculation of the country's debt to the IMF has been growing since years. This strong criticism, heard by the IMF, should not be forget that until then, no financial crisis could be managed without the massive intervention of the IMF and that sometimes some countries found the aid insufficient. In addition, the IMF recalled that provided only a part of the external financing needed for country, the rest being allocated by private lenders, encouraged precisely in this sense by the presence of the IMF. The latter, despite the criticisms, appears as a privileged creditor in times of crisis to calm the panic of investors, a lender of last resort international and a catalyst for other types of financing.

Meltzer proposed to refocus IMF missions on aid temporarily to financially sound countries has found some resonance in the time and, finally, will be brought up to date in 2009. In September 1997, a unanimous decision gave a mandate to the IMF to confront and monitor financial transactions, but the crisis 1997 and the euphoria returned, this reform was not implemented because it was quite restrictive for governments.

Since 2002-2003, the reforms put in place have begun to effect. Emerging countries, particularly Asian ones, have since 1998, to put in place economic and structural reforms, clean up their banking system, improve the supervision of financial systems, prudential regulation, to reform local financial markets, which had not been done in the years 1990 despite the financial liberalization initiated in the late 1980s. Economic growth comes back with investor confidence. Emerging countries contribute 75% to global growth and their own growth averages 7% over

2003-2007, with China 10.5%, India 8.9%, Thailand 5%, Korea South 5.2%, Brazil and Mexico 3.4%, Poland 4.8%, Turkey 7.5%.

Capital flows are returning to the path of emerging countries since 2003 (BIS, 2004 and 2008): $ 57 billion in net capital inflows in 2001 for all emerging countries to $ 171 billion in 2003, with $ 31 billion in Asia and $ 111 billion, respectively, for Latin America by $ 3 billion and $ 16 billion, and Eastern Europe from $ 10 billion and $ 43 billion. They remain the preferred destination for capital of foreign investors, which ultimately makes the Asian crisis pause in the external financing of emerging countries.

This massive return of capital could be explained by conditions advantageous monetary instruments in the industrialized countries, fueling abundant liquidity that has been invested in more savings strong growth and with returns from those of industrialized countries, as before the crisis of 1997, which gave place to carry trade strategies. Capital inflows have also could be impacted by improving the fundamentals of the countries emerging, visible in the increase in ratings from 2003 to 2006.

Stock indices are back, currencies are starting to reevaluate and foreign exchange reserves accumulate to levels unprecedented: at the end of 2007, they reached $ 1,500 billion in China, $ 491bn in Russia, $ 275bn in Taiwan, $ 262bn in Korea, $ 301bn in India, $ 206 billion in Brazil, $ 100 billion in Thailand, $ 79 billion in Mexico, $ 24bn in Hungary, $ 33bn in the Czech Republic.

Countries, especially in Latin America, strengthen the depth their local financial market and issue debt securities in national currency, as in Brazil in September 2006, which issues an international obligation in real for an equivalent amount at $ 745 million and for a maturity of fifteen years. Sovereign spreads lower, reflecting investor confidence and the return of these savings in investment strategies: for example, Brazil earns investment grade and 178 global funds invest emerging markets in 2007 compared with 77 in 2002.

Gross inflows are strong, but as the outflows of capital are becoming so gradually, data on net flows end up not making much sense anymore, which is very different from the period before the Asian crisis. These capital outflows two dimensions: Foreign Direct Investment (FDI) made by emerging countries and the increase since 2000 of South-South and sometimes intra-regional FDI (the share of FDI emerging countries in FDI to emerging countries is from 20% in 1995 to 40% in 2007); accumulation of reserves foreign exchange, in connection with the return of countries in commerce and finance international and with the massive purchases by the Asian world of US Treasury bonds, through the creation or expansion of the role emerging sovereign wealth funds that manage budget surpluses, or the foreign exchange reserves of their country. The accumulation of foreign exchange reserves seems to immunize these countries against all attacks speculative or exogenous shocks and allowed them to restructure their economy (China has punctuated its reserves to restructure four banks in 2006), which clears them of any request for IMF. It is clear that the favorable global economic situation over the period not created opportunity for IMF support but accumulation foreign exchange reserves can be analyzed as a strategy for pass from him, to find a financial power and this independence sought after, leaving the latter in a questioning of since 2006.

In addition, sovereign wealth funds have been created in emerging countries and have become formidable investors, creating debates and bringing back protectionist impulses strategic sectors in the discourse of the industrialized countries (Coeuré, 2008; Dockès, 2009; Kern, 2009). The amount of their commitments estimated at $ 3 billion from $ 2,000 billion in 2007, and it is estimated that financial weight in 2015 at $ 10,000 billion (IFSL, 2008). Since 2000, 20 new funds were founded by new actors from of the emerging world, including 12 since 2005. For example: China Investment Corporation (CIC) in September 2007 ($ 200 billion in assets managed), Russian Stabilization Fund in 2004 ($ 130bn), Korea Investment Corporation in 2005 ($ 20bn), Qatar Investment Authority (QIA) in 2005 ($ 50bn), the Oil Reserve Fund in 2005 in Libya ($ 50bn), National Development Fund in Venezuela in 2005 ($ 18 billion), Economic and Social Stabilization Fund in 2007 in Chile ($ 6bn).

In the light of the crisis that began in August 2007 on the stock exchanges and the money markets of the industrialized countries, the emerging countries appear as important financial actors, remediated, but also as a heterogeneous set, or even a heterogeneous asset class.

This term "emerging countries" includes countries restructured, with strong economic growth, but not all of which have the same position of current accounts, nor the same strength of the system banking. In addition, some are producers of raw materials and/or commodities (Russia, Brazil), others have focused their development on manufacturing production (China) or on services (India). The BRIC or BRICS are more revealing of geopolitical symbols than of economic homogeneity. Moreover, this heterogeneity is valued as such by investors who discriminate emerging countries, this which is a progress compared to the precarious period of 1997 (Odonnat and Rahmouni, 2006).

The financial crisis of 2007-2008 was not triggered in the emerging countries, nor by excessive behavior of emerging countries. If we believe the speeches of some heads of state and government of this group, it sounds like a revenge in relation to their financial history and their face repositioning industrialized countries. For one year, from August 2007 to August 2008, the emerging countries seemed to be spared by the crisis. Since August 2008-September 2008, their stock exchanges and currencies are affected.

Even if the data are imperfect, it appeared that the banks emerging countries, rather deposit banks, have had little exposed to subprime securities. They therefore did not suffer the depreciations of assets, the activity of investment bank being the field of action branches or subsidiaries of foreign banks. Only big ones actors like Bank of China or ICICI in India recorded asset impairments. Moreover, even if bankers are more trained in risk management, the practices of the country's banks industrialized countries are not yet theirs. Financial risks being less important, the distrust of investors was also vis-à-vis those countries.

Interbank markets in local currency of emerging countries remained broadly stable. In the last half of 2007, emerging markets received capital leaving the industrialized countries, like a race to the shelter in high-yielding, relatively well-managed and non-accountable of the crisis. Thus, the stock markets and currencies have been impacted the increase, in particular on September 2007-October 20 According to the BIS (Bank for International Settlements) (2008), in 2007, net inflows of private capital increased on average by more than 2 percentage points in Asia (reaching 3.5% of GDP regional level) and Latin America (2.9% of GDP) and 0.75 points percentage in the CEECs (9% of GDP). Gross entries in Asia were the most important: 50% of gross private capital channeled to emerging economies and 15% of regional GDP, one level close to the one before the crisis of 1997-1998. For Latin America, they represent 6% of GDP and 11% of the capital channeled, and for CEECs 20% of GDP and 28% of capital channeled. It is mainly portfolio investment (doubling from 2002 to 2007 to reach 20% of total capital flow) and bank loans transboundary levels (from almost 0% in 2002 to 40% in 2007 of the total capital flow), the share of FDI falling (from 90% to 40%).

The CEECs received the largest share of bank loans (estimated at 32% of their aggregated GDP). Moreover, in the direction of capital outflow, participation of emerging sovereign wealth funds in foreign banks 2007 have also been indicative of the sound management of these economies and have accentuated the gap in vitality and power between industrialized countries and emerging countries. It is clear that contagion systemic would have been much stronger without that. From August 9, 2007 as at 15 January 2008, the sovereign wealth funds of China, Singapore and The Middle East recapitalized $ 80 billion financial problems in the United States and Europe In total, 12.7% of the capital of Citigroup, 23% of that Merill Lynch and 12% of UBS's are in the hands of sovereign wealth funds end of January 2008. In November 2008, the sovereign wealth funds of the Gulf acquired 31% of the capital of Barclays (of which 12.7% for QIA, the Qatar fund, and 16.3% for ADIA, the Abu Dhabi fund) to add to the 3% stake in CDB (China Development Bank) and 2.1% of Temasek in 2007. The sovereign funds emerged in 2008 as if they were waiting – strategy of wait and see - that the prices of industrialized assets are still falling to buy them. Or did they make losses in 2007? In any case, 2008-2009, they suffered spectacular devaluation of their participation in foreign institutions (Marin, 2009, concerning CIC's investment in Blackstone), but are preparing for more important in the future.

The resilience of emerging countries to the crisis and the sustained interest of investors held up until mid-2008 emerging markets overall, after the strong growth phase of stock market indexes, we notice two high points that come with of a phase of more or less strong investor confidence or more or less strong capital maintenance in emerging countries. This is the period from November 2007 (first high point, December for the Emerging Europe zone) until August 2008: observes a relative instability of the index, without massive collapse, which will intervene from the end of August. For Latin America, the peak higher is established in May 2008. Compared to this period of more or less strong hesitation investors, we see now, if we are interested in each country (see graphs 2a, 2b, 2c and 2d above), that there are differences in the evolution of stock market indices. Which can be interpreted as a sign of discrimination on the part of investors because there are disparities between economies, although since 2003 they have all improved their fundamentals. Indeed, for China, there is a sub-period - October 2007 to February 2008 - where the decline is more pronounced than that of the indices of the zones taken as a whole; then, there is a period of recovery / lull until the end of July 2008. For the Korea, after the peak of November 2007, there is a steady decline and progressive until August 2008. Investors appear to have less responsive and concerned about Indonesia, Malaysia and Thailand: the high peak is observed later than for other Asian countries and emerging regions, respectively in February 2008, January 2008, May 2008. Then, we find the degradation progressive indexes, less erratic, until August 2008. Even though their ratings are lower as well as their foreign exchange reserves, these three countries could appear to be less at risk economic and financial than the two big countries that are China and Korea, which have always been at the heart of the investment strategies of investors. In addition, the level of indebtedness of the private sector of the Korea is worrying because it is at the level of 1997; by elsewhere, this country has experienced the largest monetary depreciation of Asia area since 1998.

Brazil also experienced a high peak in its stock market index late - May 2008 - and then gradually decline until August 2008. The concerns related to the crisis have affected it later. Mexico and Chile have both enjoyed a long period of upholding relative to the level of the stock market index, without a major peak, which is not the other emerging countries, a sign of steady and steady trust investors: from May 2007 (date of the first peak) to August 2008. The ratings of these countries are good, the Standard & Poor's ratings from Brazil and Chile increased in May 2008 (BBB-) and January 2008 (A +). And despite current deficits, these countries have improved, in previous years, their economic and financial situation: increase in the level of foreign reserves, robustness of the system banking, development of the local bond market . Chile appears to be the strongest country because public debt is low and accumulated savings through the Copper Stabilization Fund is important.

Moreover, like Brazil, it is less dependent on exports to the United States and the euro area because its exports Hungary and Poland show a similar downward trend their index: a high point in June 2007-July 2007, then a decline progressive until August 2008, already reflecting the perception of fundamental less healthy (current account deficit, foreign currency debt, interest rate savings, insufficient foreign exchange reserves compared to public debt, which is particularly strong in Hungary), even if Poland also has a higher peak in October 2007 (Kirrane 2003).. In However, the Czech Republic, better managed and less concerned by the withdrawal of foreign bank loans from foreign banks in difficulty, maintained investor confidence until June 2008, then the index gradually decreases until September 2008.

In the impact phase, from August 2008-September 20084, investors, and in particular financial institutions overexposed to country assets emerging markets, considered risky, and given the losses incurred markets of the industrialized countries, take their profits and withdraw more frankly than in the first part of 2008 their capital of emerging countries. This deleveraging results in depreciations monetary policy and the sharp decline in emerging stock market indices.

Over the period August 2008-end of October 2008 (November 2008 for Indonesia), the countries surveyed all suffered index declines of at least 40%. The largest decreases concern Indonesia -70%, Hungary -63%, Brazil -62%, Korea -60%, Mexico -58% and China -53%.

The Brazilian Real is the currency that has depreciated the most September 2008 and November 2008: 45%. Turkish currencies, Mexican, South African, South Korean, Thai and Indian also collapsed. Over the same period, the Moscow Stock Exchange plunged 69%. Countries are also affected by the drying up of markets bonds in September 2008-October 2008, even for companies and well-rated states, and even for currency bonds local level, which is a strong sign of lack of liquidity and risk aversion (Hungary, Indonesia, Mexico). Of Further stock market cuts come afterwards. The takeoff of emerging market emerging market funds reached $ 32.8 billion in September 2008 ($ 4.1 billion for Latin America, $ 15.6 billion for Asia excluding Japan), compared to a $ 20.6 billion collection in September 2007 ($ 8.2 billion for Latin America and $ 9.7 billion for Asia excluding Japan) are diversified.

Brazilian and Mexican currencies and stock markets are heavily affected, while these countries are not fragile, but they pay the improvement of the depth and liquidity of their markets. Brazil is also neglected, because it is a net exporter of raw materials whose prices are falling. Sovereign spreads also rose: for the EMBI Asia index emerging from 275 points to 600 points from July 2008 to October 2008, and for EMBI Eastern Europe 250 points to 600 points (source: Datastream).

Ratings of rating agencies are not adjusted too much downwards (see Table 1 above) because the withdrawal of capital is linked to the effects of postponement and not to frank degradation of the fundamentals due to internal problems in emerging countries. Standard & Poor's lowered notes from Argentina in October 2008 (B-) and from Russia in January 2009 (BBB) on the basis of identified concerns about fundamentals. Of Moreover, while the Czech Republic and Poland keep their rating since 2007 (A and A-), the rating of Hungary is degraded in May 2008 from BBB to BBB-. Overall, other countries retain their ratings and some see it increasing (China, Brazil, Chile).

Emerging economies appear to have relatively well managed the impacts of the crisis, drawing on the foreign exchange reserves which remain important. Foreign exchange reserves Chinese imports continue to increase at the end of 2008 ($ 1.9 trillion), while Russia saw its share fall by 14% in October 2008, India and Korea by 12%, Malaysia by 10%, Saudi Arabia by 18%, Mexico 15%, for example. In any case, in May 2009-June 2009, they are at a very high level.

Risk aversion continued to penalize emerging countries until February 2009-March 2009, where stock indexes go back quite frankly. Depreciated emerging currencies are purchase opportunities and a sign of renewed competitiveness for country and therefore future growth.

From February 2009 to the first week of September 2009, the increase stock market indexes was important, reflecting confidence found in emerging countries. In Asia, central banks have even had to intervene, in the face of capital inflows, to curb the appreciation of their currency. The rise in the stock market index was 58% in China, 72% in Korea, 55% in Thailand, 100% in Indonesia (a correction of the sharp decline recorded previously), 44% in Malaysia, 95% in Mexico, 80% in Brazil, 48% in Chile, 82% in Czech Republic, 95% in Poland, 146% in Hungary (Kirrane 2003).. The strong rise in the CEECs is explained by the presence of financial support European organizations and the IMF, as in November 2008 in Hungary, and more specifically by the granting of the new facility for IMF credit, scalable, for healthy countries for a purpose preventive, which reassures investors, in May 2009 in Poland, as in Mexico in April 2009, which reinforces the image of this country and has repercussions on its neighbors whose previous efforts to modernize the economy and actions to emerge from the crisis in 2008 are rewarded: Chile, Brazil.

Nevertheless, if the financial sphere seems to be restarted, the level of indices is still much lower than that of 2007-early 2008 corrections could also be made following the sharp rise observed, following the growth outlook announcements. Otherwise, it is clear that the decline in global demand for goods and that Commodity prices have impacted the real economy of these countries. For example, in February 2009, Mexico experienced a decline in automotive exports by 45% and, in May 2009, Korea suffered a 27% drop in its technology-related exports. The decrease of at least 30% in the price of commodities, from July to December 2008, would cost two points growth in 2009 to Latin America.

The fact that emerging countries are no longer at the origin of a crisis global impact, like the Mexican crisis 1994-1995 or the Asian crisis of 1997-1998, accentuates their economic performance and increases their financial power. They are guilt-free and it is with a certain calm that the leaders of these countries responded to external shocks. Their resistance, at first, the current crisis is also moving in this direction. They are actually more experienced, because of past crises legitimacy is found.

For some years now, there has been a questioning of the order world, a shift in financial power, a rebalancing benefit of emerging countries which could be accentuated if the cycle The economic situation of these countries was decoupled from that of the industrialized countries. But concerns remain about them.

The repositioning of emerging countries is at the same time industrialized countries which have become, for some, net borrowers of capital and which are at the origin of the current crisis, and with the IMF penalized by the decline in financial support to countries emerging.

In terms of political representation, the behavior of the countries of Latin America differs somewhat from that of emerging countries Asia. While the latter imposed themselves "discreetly" because of their stock of foreign exchange reserves, the evolution of the prices of certain of their currencies participating in global imbalances and investment capacity of their sovereign wealth funds, the first were more vocal in calling on the G20, the IMF, to the World Trade Organization (WTO), representativeness that emerging countries deserve because of their economic results and, in 2007-2008, of their non-responsibility in the current crisis.

The statements of the Brazilian Government, in October 2008, on the monitoring of industrialized countries that the IMF would do better to increase the show. In the context of the G20, emerging countries have finally spoken in the same voice, through that of Brazil, who presides over it, to demand that discussions on the regulation of global finance are done with them. Note that in September 2006, China, Turkey, Mexico and South Korea had already seen their share increase so in the IMF, to take into account their economic weight.

Since October 2008, the real economy of the emerging countries seems nevertheless disturbed by the crisis, beyond the stock markets and currencies.

China was one of the first countries to announce a recovery plan: November 9, 2008, a release before the end of 2010 of $ 585 billion for support the country's economic growth which has fallen to 9% third quarter of 2008. The magnitude is such that we have taken the measure, as of this date, the possible repercussions of the crisis on the world emerge. It's about active tax policy and demand support interior by major construction policies to counterbalance slowing economic growth and demand American and European, which for twenty years have been one of the driving forces of Chinese growth.re mature, Nevertheless, the crisis has allowed international institutions to regain a certain role, mainly with the countries of the East, in a more balanced and positive way. IMF regains strong legitimacy in 2009 following the G20, its mandate being strengthened: mission in-depth monitoring, increased resources, new more flexible form of credit, in order to 'positively' aid, not to stigmatize borrowers and rebalance relations with countries emerging. The IMF promises to move quickly to reform voting rights, so much criticized by emerging countries. He granted 17 financial support between November 2008 and June 2009, for a amount equivalent to $ 150 billion. The new flexible credit facility Colombia ($ 10 billion, May 11, 2009), Poland ($ 20 billion, May 6, 2009) and Mexico ($ 47 billion, April 17, 2009). His goal is to prevent crises. It can be allocated in one disbursement and is not conditional on the implementation of specific measures in countries, great differences with traditional credit facilities.

On the other hand, in order to stay away from the IMF, Japan, China, South Korea and ASEAN (Association of Southeast Asian Nations) increased the allocation of the reserve pool, created in 2000, from $ 80 billion to $ 120 billion in December 2008, to manage the balance of payments imbalances, and organized foreign exchange, of which Korea has benefited greatly to stem the sharp fall of the won (Kirrane 2018).. This reflects the strong desire for independence and cooperation Asia region. If the disturbances of the crisis in emerging countries are temporary, these will have again demonstrated their economic strength. If these disruptions last, the business cycle of the emerging countries will be strongly impacted as well as global growth.

In the deregulated global financial and commercial sphere, the countries are all interconnected. Capital of foreign investors have entered massively into emerging countries until 2007 and some emerging market companies have already invested in those industrialized countries. In addition, US and European imports come partly from emerging countries. Slowdown industrialized countries, of their imports, penalizes exports from emerging countries, hence their economic growth.

Following the crisis, the depreciation of the currencies of some emerging countries penalizes the competitiveness of other emerging countries, whose growth will decrease by ricochet. In addition, via the reorganization of portfolios to offset their losses in the United States and Europe, investors and the banks withdraw their capital. These are the canals commercial and financial transmission of a crisis to others savings. Will this crisis be considered a common shock? In the sense of Masson (1999) for merging economies? Probably, but we will have to wait for additional data for test this econometrically. On the other hand, the crises in Asia in 1997-1998 were not triggered by common shocks (Cartapanis,

Dropsy and Mametz, 2002; Brana and Lahet, 2005). In the literature traditional, the common shock, exogenous to emerging countries, which triggers exchange crises or simultaneous economic shocks in emerging economies, is in fact akin to push factors, outside the emerging countries, therefore endogenous to the industrialized countries, that push the capital of foreign investors into the economies emerging. These are overall interest rates and growth industrialized countries. The first econometric studies on the subject (like Calvo, Leiderman and Reinhart, 1993, Chuhan, Claessens and Mamingi, 1998) show that a recession in the United States pushes capital towards emerging countries, to take advantage of more favorable elsewhere. Nevertheless, Jeanneau and Micu (2002) find a positive correlation between the evolution of the economic cycle of industrialized countries and the flow of capital (bank loans) invested by them in emerging countries. That means economic growth strong in investor countries pushes capital flows into emerging countries: investors, having made more profits in their activities, have cash to invest, especially in emerging markets where the risk / return combination provides opportunities. Of same, Cartapanis (2004) indicates that strong growth and liquidity industrialized countries have played an important and pro-cyclical role in the size of capital movements to emerging countries in 1986-2000. Conversely, this would imply that a recession in the countries industrialized countries would slow investments in emerging countries.

Beyond financial links, to talk about coupling or decoupling between industrialized and emerging countries, there is a need to focus more on the evolution of the business cycle of emerging countries. Are the financial links result in stronger correlations between cycles of activity? If American and European recessions lead to those of the emerging countries, one will speak then of coupling of the real cycles. Yes they have no impact, or just a minor impact, we can then talk about decoupling in an interconnection environment financial.

For the first half of 2008, the BIS (2008) speaks of an inflection more moderate growth in the emerging countries than in the industrialized countries. Kose, Otrok and Prasad (2008) show that, on the period 1960-2005, there was a convergence of economic (production, consumption, investment) among the group "industrialized countries", and also among the countries of the group "country but at the same time, a divergence of economic cycles between these two groups of countries. In fact, the study highlights the emergence of a cycle specific to each category of country. Authors remain cautious and indicate, in the current context of the crisis, that their study is not an unqualified adherence to the decoupling hypothesis, it all depends on the duration and severity of the recession in the countries industrialized countries: this is the difficulty of forecasts. Faure (2009) invalidates the thesis of the decoupling of business cycles, due to decreases in industrial production and exports from emerging countries that have been perfectly synchronous with the decreases in imports developed, and of the same magnitude, but it revives the thesis of decoupling between emerging and industrialized countries, due to the (BIS, 2009) of equity markets in emerging countries, following a decline in risk premiums (country financial systems emerging markets) and the recovery in the price of raw materials (export earnings for some emerging countries).

Nevertheless, the first effects of economic recovery plans in emerging countries and financial aid from the IMF, or before cycles the announcement of these plans, as well as the mitigation of financial difficulties in industrialized countries encouraged the return of in emerging countries, which ultimately remained quite healthy economically despite the impact of the crisis.

Despite the slowdown in the evolution of PPP GDP for the emerging Asia zone, the gap with the evolution of the GDP of the advanced countries is not reduced. This seems to be a sign of a certain decoupling, in any case of a dynamics peculiar to Asian countries. But we must remain cautious and a step back is still necessary concerning the current crisis period.

The IMF revised upwards its projections for emerging Asia, considering the improved prospects for growth of China and India, which is due to recovery plans macroeconomic conditions and expectations of a return faster than expected capital flows. Gross inflows of capital In 2009, the private sector is estimated in emerging Asia at 10% of GDP of the zone (FDI, equities and bank loans) and Latin America to 2.5% of the region's GDP (FDI and bank loans) (BIS, 2009). By elsewhere, the services sector in these countries, particularly in China, August 2009-September 2009, explodes and appears as a relay of growth relative to industrial production. For America Latin America, the IMF projections were lowered for 2009, slightly increased for 2010 due to the expected impact of higher commodity prices. Same evolutions for projections concerning the CEEC, still strongly affected by the global crisis in 2009. In 2008, the economic growth of emerging countries was strong, especially for Asian countries, even if it is lower to 2007. The projections for 2009 show that the countries Asian would still stand out; in 2010, it would be more globally all emerging countries that would regain strong growth.

The IMF plans to revise upwards its projections for 2010, if risk aversion continued to decline and domestic demand large emerging countries rose sharply. Indeed, growth in domestic demand in emerging countries densely populated, especially from China, but also at regional level emerging markets, has been strong since 2001 and demonstrates the dynamism of two things: private consumption of goods and services of a class growing average, whose purchasing power sometimes increases quickly than in advanced countries, and gradually accessing credits; and investment. This could counterbalance the shortcomings of external drivers of economic growth and sustainably support and endogenously the evolution of the GDP of emerging countries.

To support this economic growth and confront the impacts of the crisis on the real economy, the emerging countries quickly had to objective of maintaining private sector financing and investment. To close the decline in capital inflows, including loans foreign currency banks, while the foreign exchange market was unstable, the emerging countries drew on their reserves of foreign exchange to finance the private sector. In addition, the sector banking, healthy, has managed to maintain (except in Turkey where it drops, strong rise in China) the level of domestic bank credit (BIS, 2009), often helped by the cuts in the key rates and the reserve requirement by some central banks.

Moreover, concerning the external component of growth It should be noted that the share of trade with industrialized countries in the total trade of emerging countries decreased by 70% to 50% in fifteen years, which could be a protection against a crisis in the advanced countries. At the same time, the share of intragroup in the total trade of emerging countries has almost doubled; 50% of Asia's exports represent trade intrazone. This is lower than the level reached in Western Europe (70%) and is at the percentage level of North America. That is to link to the existence of regional trade blocs for free trade.

Nevertheless, the share of intra-regional trade is only 24% Latin America which trades the most with advanced countries (nearly 60% -70%) and 12% for the Middle East (WTO, 2008). At the aggregate level, the share of intraregional trade, which is mainly an Asian characteristic, was maintained between 2000 and 2007 at 33% (total exports of emerging countries), while trade extra-regional between emerging regions increased from 15.6% to 20% and that with the advanced countries fell from 51.3% to 47% (Faure, 2009), but remains dominant.

China is the driving force of intra-Asia trade. Between 2001 and 2007, China's exports to ASEAN were multiplied by 7.4 and imports from China since ASEAN by 6.5 (Kalasopatan, Nicollas and Lelarge, 2007). As soon as the Asian crisis ends, China has moved closer to the most affected countries in the zone. In 2010, the zone of ASEAN-China free trade will be operational, which will encourage the supply of agricultural products and services by ASEAN. But China has also developed its relations with emerging non Asia: Africa, Russia, in particular.

More specifically (WTO, 2008), the China's largest trading partner, with respect to merchandise exports in 2007, is Asia ($ 521bn), then Europe and North America ($ 264 billion), the Community of Independent States (CIS) ($ 48 billion), the Middle East ($ 44 billion), South America ($ 39 billion) and finally Africa ($ 37 billion). For India, this is Asia ($ 46 billion), then Europe ($ 34 billion), the Middle East ($ 25 billion), North America ($ 22 billion) and finally South America ($ 4bn) and the CIS ($ 2bn). For Brazil, the first partner is Europe ($ 43 billion), South America ($ 38 billion), North America North ($ 32 billion), Asia ($ 26 billion), Africa ($ 9 billion) and finally the Middle Orient ($ 6bn) and the CIS ($ 4bn). More broadly, the rise of trade South-South (12.5% annual growth over 1985-2005 against 9.8% for North-South trade) is a sign of rising power, rebalancing with advanced countries: intra-South trade has represented, in 2005, 27% of the aggregate GDP of the South against 9% in 1995 and exports from the South to the North represented, in 2005, only 17% of southern GDP (Kalasopatan, Nicollas and Lelarge, 2007). The strength of demand from other emerging regions, including of the Middle East, has effectively helped to maintain surpluses in Asia in 2007. South-South FDI is also moving in this direction. But even if more than half of Chinese exports are destination of other emerging countries and even if the US share in emerging Asian exports declined, this last remains important enough for the US recession, according to its duration, penalizes the foreign trade of these emerging countries: 10% in Singapore, 18% in Malaysia, 20% in China.

The least open countries, or diversified exports such as Brazil, could be impacted less by the crisis. Is the Chinese recovery, which begins in mid-2009, will be sufficient to revive, on the one hand, and relaunch sustainably, on the other hand, trade other emerging countries? In fact, intra-group trade is some unfavorable aspects. He apparently did not play the role shock absorber of global demand in 2008, the heart of the crisis, and would be at the origin of the amplification of the shock (Faure, 2009). Furthermore, this intraregional trade, even intrazone emerging countries, is specific and remains dependent on the demand of the advanced countries: it is a trade of intermediate goods to produce the final good in China and sell it to northern country. If the Chinese stimulus plan benefits consumption interior, mostly of low-end goods produced for a large share locally, and is a source of economic growth, this does not will not necessarily boost imports of intermediate goods used to secure demand for final goods in the North. So the role intrazone trade in the economic growth of the countries emerging may be ambiguous. Emerging countries that will benefit from the Chinese recovery are rather producers of raw materials.

Public spending is the other internal component of growth and we can analyze them alongside traditional factors "Labor and capital", in abundance in emerging and relatively cheaper than in developed countries, and whose productivity and quality are improving (technical progress and R & D expenditure, education and training in constant growth, even though the crisis may have to curb them and that, in value, it remains lower than advanced; upscaling of production, particularly in China), as a factor, this time endogenous, of economic growth. This The concept of public capital6 is gaining importance following the numerous recovery plans put in place by emerging countries that can (the others use the IMF's aid more directly), as in the case of

Argentina, Brazil, Chile, Colombia, Mexico, South Korea, India, Indonesia, Malaysia, Thailand and China, which invest mainly in infrastructure, even though not all plans have the same magnitude. Emerging countries have there is room for maneuver because, so far, public authorities have been globally under control. China has huge means: $ 585bn support plan equals 14% of Chinese GDP every year for two years. The effects are already being felt third quarter of 2009. Infrastructure construction projects have already been advanced. The two main items in this plan concern infrastructure (railway, airport, urban electricity) and reconstruction of the disaster area by the earthquake in 2008. We also note a significant investment in health and education, housing sustainable development and innovation. In February 2009, plans (three plans for $ 39 billion) from South Korea are "green" because they provide for infrastructure investments low CO2 emissions, making the country the biggest investor of the year in sustainable development. Politics macroeconomic policy of emerging countries therefore has a crucial role Counter-cyclical to play: Sufficiently support domestic consumption without degrading public finances and not provoking inflationary pressures, or capital outflows. The result will depend the ability of governments to strike the right balance.

Finally, to explain this dynamic of sustained growth, would find as growth support elements those who have allowed the strong growth phase from 2002 to 2007: the progression of the globalization that the crisis cannot interrupt; the rebound in the price of commodities, especially for Latin America, although for the moment, it does not fill the decline of more than 30% over the period of July 2008 to December 2008; the links that have been strengthened so more accentuated between certain emerging countries at the commercial level, but also financially, particularly because of South-South flows from sovereign wealth funds (Marin, 2009, for future investments CIC in the energy and environment sectors in other emerging countries); and no longer the emergence but the maintenance of the China's role in regional and global trade, as well as its financial weight: its net creditor position in 2007 was more than 30% of GDP and is expected to increase over the next decade by its growth differential, its demography, the fiscal stimulus, its financial wealth, its exchange rate regime (Guonan and Haiwen, 2009) and its sovereign funds.

Short-term concerns and recommendations Although forecasts are much higher than projected growth for the industrialized world growth for emerging countries remain below growth average savings over 2003-2007 (7%) and 2007 (8.3%).

In emerging countries, which for some years now has been an objective important unlike before 1997? In addition, independently negative impacts on economic growth, other concerns appeared in 2008 and are still relevant in 2009.

As we have seen, emerging countries are in fact a heterogeneous asset class: some have a current account deficit, others have a current account surplus Ratings, even though they have not changed much as a result of the crisis, position countries differently: an equivalent of 8/20 for Indonesia, 11/20 for Brazil, 14/20 for Poland and 16/20 for Chile, for example. The notes are also different within the same zone. Political problems are sometimes still present in 2008 (Thailand, India).

Some countries have a healthy and resilient banking system (America Latin America, Asia), with active banking supervision and many foreign exchange reserves, and others much less. Some have a external bank debt in foreign currency stronger than others. Tea the most fragile countries for 2008-2009, on the brink of the crisis payment in 2008, are India, Turkey, South Africa and most importantly CEECs, where current account deficits are heavy, and more indebtedness foreign currency banks (75% of housing loans in Poland are currency, for example). The CEECs are still subject to the risk of rationing of foreign creditor banks parent companies of subsidiaries or branches located in the CEECs (BIS, 2009). The external banking financing of emerging countries, which is largely in foreign currency, and has been penalized, all the that the Basel II ratio does not push foreign banks to lend local and long-term currency and that bank credit conditions are deteriorated by the banking crisis. Ukraine ($ 16.4 billion) and Hungary ($ 12.5 billion) are part of countries that appealed in October 2008 to the IMF for a plan for financial support with an adjustment program.

On the other hand, South-East Asia, Brazil, Mexico City, Chile appear to have the fundamentals, even though the IMF is forecasting growth negative in 2009 for the most part. A flat must be brought to Argentina (declining rating), whose external debt service is still very high, and for Korea, including private sector indebtedness is heavy. On the other hand, the political discourse has been homogeneous, reactions to the crisis have been varied, a sign of the heterogeneity of countries, and could be a factor of weakening the group, even if Regional monetary cooperation was organized (Asia). This may also a sign of understanding and control of the situation particular of each country. It is clear that one year, the emerging countries had to first deal with capital inflows that led to appreciation of their currency and rekindled inflationary tensions late 2007, then to the reverse evolutions at the end of 2008. Moreover, in Latin America, for example, the Brazilian Real depreciated sharply in 2008, while the Argentine peso In October 2008, In Indonesia, the reserve requirement ratio fell from 3% to 1% dollar deposits. In November 2008, China lowered its rates and the reserve requirement ratio; Korea decided to Hong Kong plans to create funds, as in France, to provide liquidity to banks. Tea China, India and Russia eased restrictions on capital in 2007, Thailand removed them in 2008. China and Korea has reduced the mortgage loan / asset value ratio of the October 2008. Capital and reserves have been strengthened in India and the loan criteria in Korea in 2008. Finally, Brazil adopts measures to boost credit to SMEs .A few other punctual facts also attracted attention as early as 2008 and showed the magnitude of the repercussions: the nationalization of the funds pension scheme in Argentina to guarantee the security of capital, in November 2008, which strongly marked the markets; at first half-year 2008, the closure of 3,000 Chinese SMEs; in November 2008, an increase in bad debts of banks, in particular Chinese banks; the increase in 2009-2010 of deficits following the recovery plans of certain emerging countries (CEEC, but also Korea and Malaysia).

Since February 2009-March 2009, it seems that emerging countries are entered a period of economic and financial stabilization, or even some of them (China, Indonesia). The countries Asian people are already receiving capital. But there should not be a return massive volatile capital. We know the risk of reversal of capital invested in healthy economies that have improved the depth and liquidity of their market. It is important that emerging countries reduce their financing relative to the outside, to avoid currency risk and the destabilizing impact of the factors push when their evolution is reversed, as well as the redevelopment of portfolios of the "financier / common creditor". That's why they must continue to modernize their capital markets with the creation of sovereign debt securities in currency national, in the long term, to interest national investors (Odonnat and Rahmouni, 2006) and reduce short-term debt and in foreign currency. This is the case of Mexico and other countries, such as Brazil, Turkey, Venezuela, chose to repay their debts foreign currencies. It is also necessary to increase emissions private bondholders to supplement the financing obtained by issue of shares. National institutional investors, funds pensions, insurance companies, must also develop their investments so that countries are less dependent on brutal non-resident investors. This will better capture abundant national savings and to participate in the immense task that take time: reducing global imbalances. And in this modernization phase, we should not fall into the error of the excess of financial innovations which, as shown by the current crisis and explained it first Schumpeter then Minsky, can provoke an increase in systemic illiquidity (Bervas, 2008), when the euphoria phase ends and the repayment ability debts incurred are low. Michel Camdessus indicated that crises find their origin in the unregulated part of the economy and capital markets. So do not forget to regulate when modernizing the functioning of the markets, emphasizing transparency and market discipline.

In parallel, emerging countries should also, upstream, better banking non-financial agents to mobilize huge savings of a growing middle class in most economies emerging markets and to continue to ensure the quality of the distributed credit. Finally, it is important for emerging countries to be less dependent on the demand of the advanced countries: they must strive to find a balance between intrazone trade or interregions emerging markets and trade with the North, to maintain a clean dynamic and protect against external shocks. Today, dependence on external demand from the North could delay recovery in emerging countries and in the world, if that of the United States, and more widely advanced countries, was slow and if the Chinese relay did not sufficiently lock in the growth of other economies emerging countries that export to China.

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