Regional and Global Capital Flows
Takatoshi Ito is professor at the Institute of Economic Research at Hitotsubashi University, Tokyo, and a research associate of the National Bureau of Economic Research. Anne O. Krueger is the Herald L. and Caroline T. Ritch Professor of Economics, senior fellow of the Hoover Institution, director of the Center for Research on Economic Development and Policy Reform at Stanford University, and a research associate of the National Bureau of Economic Research.
Since this volume is a record of conference proceedings, it has been exempted from the rules governing critical review of manuscripts by the Board of Directors of the National Bureau (resolution adopted 8 June 1948, as revised 21 November 1949 and 20 April 1968).
## Contents

Acknowlegements ix

**Introduction**

Takatoshi Ito and Anne O. Krueger

1. **Fundamental Determinants of the Asian Crisis: The Role of Financial Fragility and External Imbalances**

Giancarlo Corsetti, Paolo Pesenti, and Nouriel Roubini

*Comment:* Carmen M. Reinhart

*Comment:* Aaron Tornell

2. **Lending Booms and Currency Crises: Empirical Link**

Aaron Tornell

*Comment:* Shinji Takagi

*Comment:* Chi-Wa Yuen

3. **Bank Lending and Contagion: Evidence from the Asian Crisis**

Graciela L. Kaminsky and Carmen M. Reinhart

*Comment:* Eiji Ogawa

*Comment:* Mahani Zainal-Abidin

4. **The Impacts of Bank Loans on Economic Development: An Implication for East Asia from an Equilibrium Contract Theory**

Shin-ichi Fukuda
5. How Were Capital Inflows Stimulated under the Dollar Peg System?  
Eiji Ogawa and Lijian Sun  
*Comment:* Francis T. Lui  
*Comment:* Pranee Tinakorn

Shinji Takagi and Taro Esaka  
*Comment:* Leonard K. Cheng  
*Comment:* Mahani Zainal-Abidin

7. Credibility of Hong Kong’s Currency Board: The Role of Institutional Arrangements  
Yum K. Kwan, Francis T. Lui, and Leonard K. Cheng  
*Comment:* Shin-ichi Fukuda  
*Comment:* Takatoshi Ito

8. How Japanese Subsidiaries in Asia Responded to the Regional Crisis: An Empirical Analysis Based on the MITI Survey  
Kyoji Fukao  
*Comment:* Mario B. Lamberte  
*Comment:* Assaf Razin

9. Social Benefits and Losses from FDI: Two Nontraditional Views  
Assaf Razin, Efraim Sadka, and Chi-Wa Yuen  
*Comment:* Anne O. Krueger  
*Comment:* Mario B. Lamberte

10. Currency Crisis of Korea: Internal Weakness or External Interdependence?  
Dongchul Cho and Kiseok Hong  
*Comment:* Nouriel Roubini  
*Comment:* Ponciano S. Intal, Jr.

Contributors  
Author Index  
Subject Index
Acknowledgments

This volume contains edited versions of papers presented at the NBER’s East Asia Seminar on Economics tenth annual conference, held in Kona, Hawaii, on 10–12 June 1999.

We are indebted to members of the program committee who organized the conference, and to Chung-Hua Institution, Taipei; the Hong Kong University of Science and Technology; Korea Development Institute, Seoul; and the Tokyo Center for Economic Research.

The National Bureau of Economic Research was the local host. The conference arrangements were made by Kirsten Foss Davis and Brett Maranjian, and were superb. All the participants enjoyed the venue and the wonderful facilities in which the conference was held.

The Center for Global Partnership of the Japan Foundation provided major financial support for the conference, which is gratefully acknowledged. The National Bureau of Economic Research provided logistical support. We are greatly indebted to the NBER, the Center for Global Partnership, and the Asian institutions which supported the research and the conference.