



International Finance Discussion Papers: Why Has China Survived the Asian Crisis So Well? What Risks Remain (Paperback)

By John G Fernald

Bibliogov, United States, 2013. Paperback. Condition: New. Language: English . Brand New Book ***** Print on Demand *****.China s strong growth in the midst of the Asian crisis is striking. We explore features of China s financial system that helped insulate it from the crisis, and then try to assess whether China has avoided crisis or simply deferred it. We argue that regardless of whether the Asian crisis resulted from weak fundamentals or from country runs by investors, it is not surprising that China has survived so far. In a market-oriented system, pressures generally force rapid adjustment when institutions are, or are perceived to be, insolvent; these mechanisms do not operate fully in China. In addition, China s external accounts remain strong. Even in the absence of capital controls, the strength of these external fundamentals would plausibly preclude a self-fulfilling country run on China. Whatever their other effects, capital controls may have played a role in preventing Chinese financial institutions from borrowing excessively abroad, and hence may have helped keep China s external fundamentals strong. Clear risks remain for China s outlook.



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