

2003

ANNUAL REPORT

Center for Pacific Basin Studies
Federal Reserve Bank of San Francisco

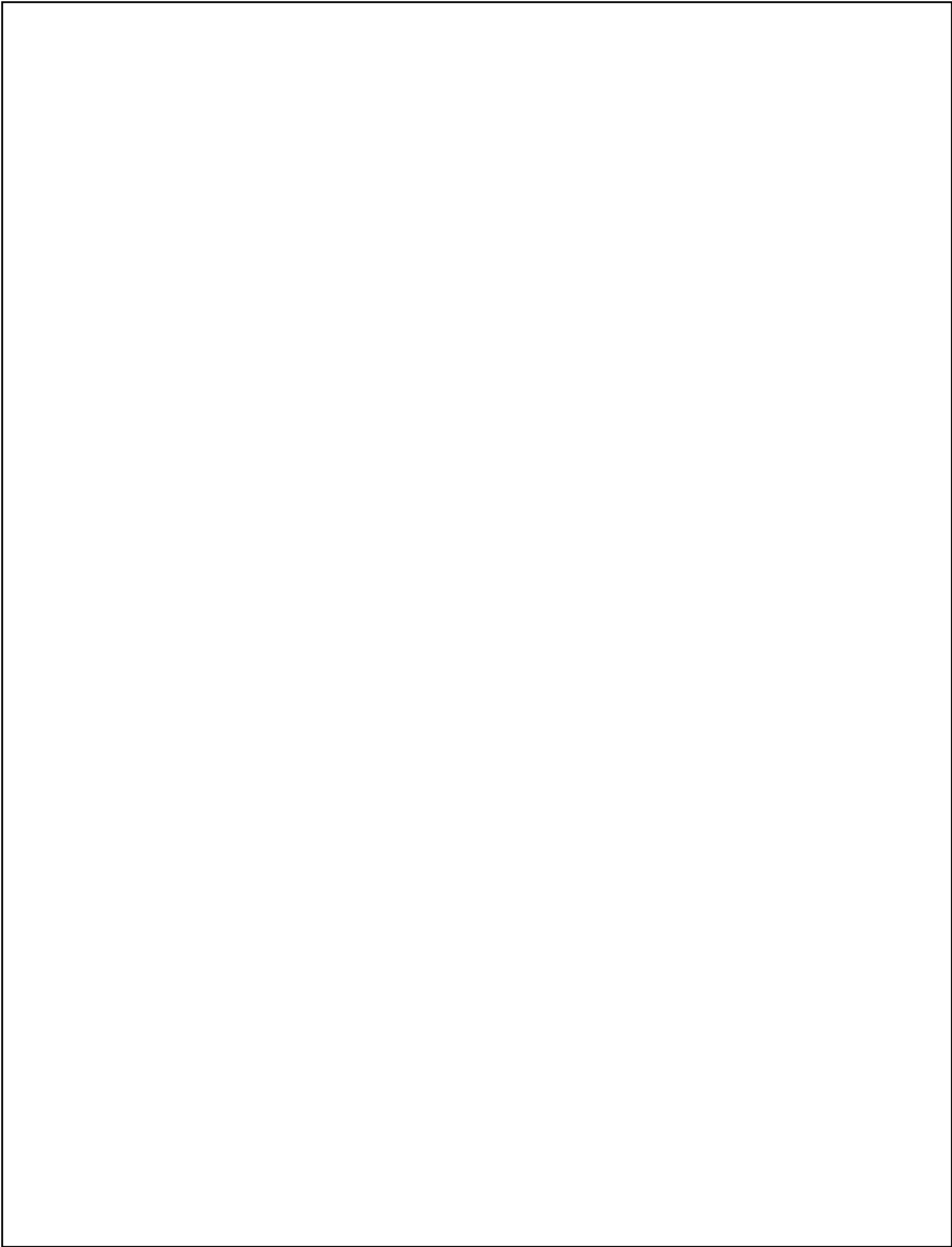


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ABOUT THE CENTER

Since 1974 the Pacific Basin program of the Federal Reserve Bank of San Francisco has promoted cooperation among central banks in the Pacific Basin and enhanced public understanding of economic policy issues in the region. In 1990 the Center for Pacific Basin Monetary and Economic Studies was established by the Bank within its Economic Research Department to open the program to greater participation by researchers in other central banks, universities, research institutes, and international organizations. The Center's mission is to further international understanding of major Pacific Basin monetary and economic policy issues. The Center's programs are designed to carry out this mission through staff research, its visiting scholar program, its international network of research associates, and international conferences.



FROM THE DIRECTOR

East Asia showed considerable resilience in 2003. The SARS outbreak and geopolitical uncertainties slowed growth in most economies, but only temporarily. Accommodative macroeconomic policies and a global economic recovery helped the region to bounce back in the second half of the year. China continues to be an engine of growth in the region. After a decade of stagnation, the picture in Japan is encouraging.

Asia's ability to cope with external shocks has come a long way since the Asia crisis. Key strengths include ample, or more than ample, official reserves in many countries, more flexible exchange rates, and stronger bank and corporate balance sheets. However, Asia is not "crisis proof," and important policy tasks to increase its resilience remain. Rapidly rising foreign exchange reserves have made monetary management in some East Asian countries more challenging. Collectively, Asian countries hold foreign exchange reserves—mostly in dollars—valued at more than \$2 trillion, two-thirds of the world's total. Concerns have risen about whether some countries, notably China, should allow more appreciation of their currencies. Expansionary fiscal policy has been accompanied by a buildup of public debt. Problems of corporate governance and financial sector stability are not yet fully resolved.

This report summarizes the Center's research on Pacific Basin topics in 2003. Studies included analyses of Japanese intervention in foreign exchange markets, Japanese banking behavior, the effectiveness of IMF stabilization programs, the role of banks in Argentina's 2001 crisis, and the usefulness of including collective action clauses in international bonds. Shorter studies examined the

role of financial development in growth, proposals for a new monetary regime in Iraq, and high foreign reserve holdings in Asia. These contributions demonstrate the diversity of the Center's interests.

The Center also continued to organize joint programs with other institutions. Most notable was a week-long global seminar for senior policy-makers on capital flow and monetary policy issues, conducted jointly with the World Bank in Paris. In addition, the papers presented at the 2002 Center conference on "Financial Issues in the Pacific Basin Region" were published in the June 2003 issue of the *Journal of the Japanese and International Economies*. Planning is underway for a conference in 2004 on the lessons from emerging market crises; the conference will be cosponsored with the Center for International Economics of the University of Maryland.

The Center disseminates its studies of Pacific Basin issues through various channels. Pacific Basin research results are issued as Center Working Papers and published in either the *FRBSF Economic Review* or in academic journals and books; shorter analyses are distributed as "Pacific Basin Notes" through the *FRBSF Economic Letter* series of the Bank's Economic Research Department. The Center's publications can be accessed through its website at www.frbsf.org/economics/pbc/. Information on how to participate in the Center's programs appears at the end of this Report.

I thank everyone who has contributed to the Center's activities during the past year, and I look forward to your future participation.

*Reuven Glick, Vice President,
Economic Research Department, and Director
Center for Pacific Basin Monetary and Economic Studies*

WORKING PAPER SUMMARIES

PB03-01 ▶ *Effectiveness of Official Daily Foreign Exchange Market Intervention Operations in Japan*

RASMUS FATUM, UNIVERSITY OF ALBERTA SCHOOL OF BUSINESS, AND MICHAEL HUTCHISON, UNIVERSITY OF CALIFORNIA, SANTA CRUZ

Japanese official intervention in the foreign exchange market is by far the greatest in the world, despite little or no evidence that it is effective in moving exchange rates. Up until recently, however, official data on intervention has not been available for Japan. This paper investigates the effectiveness of intervention using recently published official daily data and an event study methodology. The event study better fits the stochastic properties of intervention and exchange rate data, i.e., intense and sporadic bursts of intervention activity juxtaposed against a yen/dollar rate continuously changing, than standard time-series approaches.

Focusing on daily Japanese and U.S. official intervention operations, we identify separate intervention “episodes” and analyze the subsequent effect on the exchange rate. Using non-parametric sign and matched-sample tests, we find strong evidence that sterilized intervention systematically affects the exchange rate in the short run (less than one month). This result holds whether or not intervention is associated with (simultaneous) interest rate changes, or is conducted in “secret” (in the sense of no official reports or rumors of intervention reported over the newswires). Large-scale (amounts over \$1 billion) coordinated intervention, with the Bank of Japan and the Federal Reserve working in unison, give the highest success rate. During the period that the Bank of Japan has reduced interbank rates to 0.5 percent and below (from September 1995), the only

intervention operation that has been coordinated with the Fed did not successfully affect the exchange rate.

PB03-02 ▶ *Macroeconomic Effects of IMF-Sponsored Programs in Latin America: Output Costs, Program Recidivism, and the Vicious Cycle of Failed Stabilizations*

MICHAEL M. HUTCHISON, UNIVERSITY OF CALIFORNIA, SANTA CRUZ, AND ILAN NOY, UNIVERSITY OF HAWAII

We investigate the effects of IMF stabilization programs and the reason behind the unusually high IMF activity and relatively low program completion rates in Latin America. We base our tests on a panel, and distinguish between IMF program approvals and completion. We find that Latin America has higher output costs of IMF programs (especially when completed), no improvement in the current account, and a much higher likelihood of program failure and recidivism than other regions. The common finding that entering into an IMF-supported program incurs real short-run costs on the economy is entirely driven by the experiences in Latin America.

PB03-03 ▶ *Determinants of Voluntary Bank Disclosure: Evidence from Japanese Shinkin Banks*

MARK SPIEGEL, FRBSF, AND NUBUYOSHI YAMORI, NAGOYA UNIVERSITY

Disclosure is widely regarded as a necessary condition for market discipline in a modern financial sector. However, the determinants of disclosure decisions are still unknown, particularly among banks. This paper investigates the determinants of disclosure by Japanese Shinkin banks in 1996 and 1997. This period is unique because disclosure by these banks was voluntary

during this time. We find that banks with more serious bad loan problems, more leverage, less competitive pressure, and smaller banks were less likely to choose to disclose voluntarily. These results suggest that there may be a role for compulsory disclosure, as weak banks appear to avoid voluntary disclosure disproportionately.

PB03-04 ▶ *Gaicho Banking Redux*

GERARDO DELLA PAOLERA, AMERICAN UNIVERSITY OF PARIS,
AND ALAN M. TAYLOR, UNIVERSITY OF CALIFORNIA, DAVIS

Argentina's economic crisis in 2001 has strong similarities to previous crises stretching back to the nineteenth century. A common thread runs through all these crises: the interaction of a weak, undisciplined, or corruptible banking sector, and some other group of conspirators from the public or private sector that hastens its collapse. This pampean propensity for crony finance was dubbed "gaicho banking" more than one hundred years ago. What happens when such a rotten structure interacts with a convertibility plan that pegs the exchange rate? We compare the 1929 and 2001 crises—the two instances where rigid convertibility plans failed—and reach two main conclusions. First, a seemingly robust currency board can be devastated by an ill-conceived approach to the problems of internal and external convertibility (or, to rephrase Gresham, "bad inside money drives out good outside money"). Second when modern economic orthodoxy collides with *caudillo*-style institutional backwardness, a desperate regime with its hands tied in both monetary and fiscal domains will be sorely tempted by a "capital levy" on the financial sector.

PB03-05 ▶ *Crisis Resolution: Next Steps*

BARRY EICHENGREEN, UNIVERSITY OF CALIFORNIA, BERKELEY,
KENNETH KLETZER, UNIVERSITY OF CALIFORNIA, SANTA CRUZ,
AND ASHOKA MODY, INTERNATIONAL MONETARY FUND

At the April 2003 meeting of the International Monetary and Financial Committees, it was decided to further encourage the contractual approach to smoothing the process of sovereign debt restructuring by encouraging the more widespread use of collective action clauses (CACs) in international bonds. This decision was shaped partly by Mexico's successful launch of a bond subject to New York law but featuring CACs, and by subsequent issues with similar provisions from other emerging market countries. This paper reviews the developments leading up to that event, its implications, and prospects for the future. It asks whether we can expect to see additional issuance by emerging markets of bonds featuring CACs, whether such a trend would in fact help to make the world a safer financial place, and what additional steps might be taken to enhance modalities for crisis resolution.

CONFERENCES AND OTHER ACTIVITIES

Seminar for Senior Policymakers

The Center, jointly with the World Bank, organized a week-long seminar for senior policymakers on the subject of “Capital Flows, Monetary Policy, and the International Monetary System” in Paris in March. Reuven Glick was co-director of the workshop and Mark Spiegel was involved as a lecturer. This is the fifth consecutive year that the Center has collaborated with the World Bank in this activity (the first three workshops were held in Bangkok). The workshop sessions discussed the problems of managing capital flows, dealing with financial crises, and conducting monetary policy. Particular emphasis was placed on issues related to conducting monetary policy with flexible exchange rates and inflation targeting. The audience included almost forty experienced policymakers from developing countries around the world (including the governor, general manager, or deputy governor of seven central banks, as well as research directors and other department heads).

Conferences and Other Programs

The papers presented at the September 2002 Center conference on “Financial Issues in the Pacific Basin Region” were published in the June issue of the *Journal of the Japanese and International Economies*. Planning is underway for future events. These include a joint program with the University of California’s Berkeley Roundtable on International Economies (BRIE) on the euro and a conference on “Emerging Markets and Macro-economic Volatility: Lessons from a Decade of Financial Debacles” with the University of Maryland’s Center for International Economics.

Other Activities

Reuven Glick presented the paper “Endogenous Nontradability and Macroeconomic Implications” (with Paul Bergin) at the NBER 2003 Fall Meeting on International Finance and Macroeconomics in Cambridge, Mass., in October, and the paper “Productivity, Tradability, and the Great Divergence (with Paul Bergin and Alan Taylor) at the NBER Fall Meeting on International Trade and Investment at Stanford in December 2003. He also served as a discussant at the University of California at Santa Cruz conference on “Regional and International Implications of Financial Instability in Latin America” in April, the University of California West Coast Seminar on “Japan and Pacific Basin Economic Issues” in May, and the CESifo (Munich University Center of Economic Studies) workshop on “Economic Stagnation in Japan” at the Venice Summer Institute in Italy in July. In addition, he made presentations on the East Asia outlook to the Federal Reserve System’s Banking, Supervision, and Regulation conference on “2003 Emerging Markets” and at the University of Southern California’s Marshall School of Business IBEAR MBA program. He also became a member of the board of the 1990 Institute, a San Francisco-based grassroots organization focusing on Chinese economic and other issues, and served on the External Advisory Board of the U.C. Santa Cruz Center for International Economic Studies (SCCIE).

Mark Spiegel presented his paper “Institutional Efficiency, Monitoring Costs, and the Investment Share of FDI” (with Joshua Aizenman) at Claremont McKenna College in

February, at the NBER Conference on International Trade and Investment, in Cambridge, Mass., in March, and at the Federal Reserve System Committee Conference on International Economic Analysis hosted by the Board of Governors in Washington, D.C., in April. He presented the paper "Currency Boards, Dollarized Liabilities, and Monetary Policy Credibility" (co-authored with Diego Valderrama) at the LATAM Conference on "Regional and International Implications of the Financial Instability in Latin America" at U.C. Santa Cruz in April. In July he presented the paper "Determinants of Voluntary Bank Disclosure: Evidence from Japanese Shinkin Banks" at the CESifo Venice Summer Institute Workshop on "Economic Stagnation in Japan." In November he presented the paper "A Gravity Model of Sovereign Lending: Trade, Default, and Credit" (with Andrew Rose) at the Fourth Annual IMF Research Conference on Capital Flows and Macroeconomic Cycles. He presented the paper "The Role of Relative Performance in Bank Closure Decisions" (with Ken Kasa) at the FDIC/JFSR Finance and Banking: New Perspectives Conference. He also gave a talk on Japan's economic outlook at Claremont McKenna College in February and served as a discussant at a conference on "Emergent Trilateralism in the Pacific Basin" sponsored by the U.C. Berkeley Rural Development Research Consortium in June and at the CESifo Venice Summer Institute Workshop on "Economic Stagnation in Japan" in July.

Diego Valderrama presented his paper "The Impact of Financial Frictions on a Small Open Economy: When Current Account Borrowing Hits a Limit" in seminars at Georgetown University, the University of Maryland, and the University of California at Davis. He presented the paper "Currency Boards and Credibility" (with Mark

Spiegel) at the conference on "Regional and Financial Implications of Financial Instability in Latin America," held at U.C. Santa Cruz in April. In addition, he presented the paper "Statistical Nonlinearities in the Business Cycle: A Challenge for the Canonical RBC Model" at the July 2003 meetings of the Society of Computational Economics in Seattle. He served as a discussant at several conferences, including the U.C. Santa Cruz April conference on "Regional and International Implications of Financial Instability in Latin America," the 2003 spring meetings of the Federal Reserve System Committee on International Economic Analysis at the Board of Governors in Washington, D.C., and the Instituto Tecnológico Autónomo de México "Summer Camp in Macroeconomics" in Mexico City.

As in previous years, the Bank and the Center hosted visits by central bankers, government officials, academics, and researchers interested in Pacific Basin issues or topics related to emerging markets.

The Center welcomed a new staff economist, Michele Cavallo, who joined the Bank in September 2003 after completing his Ph.D. at New York University.

CENTER STAFF

Director

Reuven Glick

Concurrently, Vice President, International Research Section, Economic Research Department.
Ph.D. Economics, Princeton University, 1979.
Formerly Assistant and Associate Professor of Economics and International Business, New York University, 1979-85; Consultant, World Bank, 1982-85; Economist, Federal Reserve Bank of New York, 1977-79.

Staff Economists

Michele Cavallo

Economist.
Ph.D. Economics, New York University, 2003.
Joined FRBSF September 2003.

Mark Spiegel

Senior Research Advisor.
Ph.D. Economics, University of California, Los Angeles, 1988.
Formerly Assistant Professor of Economics, New York University, 1988-94; Consultant, World Bank, 1989-94.

Diego Valderrama

Economist.
Ph.D., Economics, Duke University, 2002.
Joined FRBSF September 2002.

Research Associates

Edmund H. Chiang

A.B. Economics, 2002
Princeton University

Marc N. Meredith

B.A. Mathematical Methods in the Social Sciences and Economics, M.A. Economics, 2002
Northwestern University

Sandra Naylor

B.A. Economics, 2003
Columbia University

Saumitra Saha

B.A. Mathematics and Economics, 2002
Northwestern University

Executive Staff Assistant

Chrystie T. Nguyen

VISITING SCHOLARS

2003

Joshua Aizenman

University of California, Santa Cruz

Paul Bergin

University of California, Davis

Michael Hutchison

University of California, Santa Cruz

Kenneth Kletzer

University of California, Santa Cruz

Alan Taylor

University of California, Davis

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Se Il Ahn

Bank of Korea

Narongchai Akrasanee

Thailand Development Research
Institute

Thomas Cargill

University of Nevada, Reno

Chau-Nan Chen

Academia Sinica, Taiwan

Menzie Chinn

University of California, Santa Cruz

Gongpil Choi

Korea Institute of Finance

Eek-June Chung

Bank of Korea

Betty Daniel

SUNY Albany

Michael Dooley

University of California, Santa Cruz

Charles Engel

University of Washington

Jeffrey Frankel

University of California, Berkeley

Maria Gochoco

University of the Philippines

Stephen Golub

Swarthmore College

Arthur Grimes

Reserve Bank of New Zealand

Alfred Guender

University of Canterbury

Eric Hansen

Reserve Bank of New Zealand

Michael Hutchison

University of California, Santa Cruz

Kengo Inoue

Bank of Japan

Sawaichiro Kamata

Bank of Japan

Wolfgang Kasper

University of New South
Wales, Australia

Michio Kitahara

Bank of Japan

Kenneth Kletzer

University of California, Santa Cruz

Akio Kuroda

Meiji University, Japan

Yunqi Li

People's Bank of China

Shou-Hsiang Liu

Chung-Hua Institute for
Economic Research, Taipei

Richard Lyons

University of California, Berkeley

Ronald McKinnon

Stanford University

Richard Meese

University of California, Berkeley

Kee-Jin Ngiam

National University of Singapore

Jurg Niehans

University of California, Santa Cruz

Dongsoon Park

Bank of Korea

Helen Popper

Santa Clara University

Kenneth Rogoff

University of California, Berkeley

Andrew Rose

University of California, Berkeley

Tomohiko Sakamoto

Bank of Japan

Byung Han Seo

Bank of Korea

Chung-Hua Shen

National Chengchi University,
Taiwan

Reza Yamora Siregar

Association of Indonesian
Economists

Inwon Song

Bank of Korea

Glenn Stevens

Reserve Bank of Australia

Jose A.R. Tan, III

Philippines Central Bank

Alan Taylor

University of California, Davis

Shang-Jin Wei

Harvard University

Nobuyoshi Yamori

Nagoya University, Japan

Diana Zhumabekova

Australian National University

Socorro Zingapan

National Economic Develop-
ment Authority, Philippines

CENTER WORKING PAPERS

Recent Center Working Papers are available on the Internet at
<http://www.frbsf.org/economics/psc/index.html>

NUMBER	AUTHOR	TITLE
PB03-05	Barry Eichengreen Kenneth Kletzer Ashoka Mody	Crisis Resolution: Next Steps
PB03-04	Gerardo della Paolera Alan M. Taylor	Gaucha Banking Redux
PB03-03	Mark M. Spiegel Nobuyoshi Yamori	Determinants of Voluntary Bank Disclosure: Evidence from Japanese Shinkin Banks
PB03-02	Michael Hutchison Ilan Noy	Macroeconomic Effects of IMF-Sponsored Programs in Latin America: Output Costs, Program Recidivism, and the Vicious Cycle of Failed Stabilizations
PB03-01	Rasmus Fatum Michael Hutchison	Effectiveness of Official Daily Foreign Exchange Market Intervention Operations in Japan
PB02-11	David C. Smith	Loans to Japanese Borrowers
PB02-10	Robert S. Dekle Kenneth Kletzer	Financial Intermediation, Agency and Collateral, and the Dynamics of Banking Crises: Theory and Evidence for the Japanese Banking Crisis
PB02-09	Elijah Brewer III Hesna Genay William C. Hunter George Kaufman	The Value of Banking Relationships during a Financial Crisis: Evidence from Failures of Japanese Banks
PB02-08	Ramkishen S. Rajan Chung-Hua Shen	Are Crisis-Induced Devaluations Contractionary?
PB02-07	Leonardo Hernández Peter J. Montiel	Post-Crisis Exchange Rate Policy in Five Asian Countries: Filling In the "Hollow Middle"?
PB02-06	Nancy P. Marion Joshua Aizenman	The High Demand for International Reserves in the Far East: What's Going On?
PB02-05	Jose A. Lopez Mark M. Spiegel	Financial Structure and Macroeconomic Performance Over the Short and Long Run
PB02-04	Alfred V. Guender	On Discretion versus Commitment and the Role of the Direct Exchange Rate Channel in a Forward-Looking Open Economy Model
PB02-03	Michael Hutchison Ilan (Neuberger) Noy	Sudden Stops and the Mexican Wave: Currency Crises, Capital Flow Reversals, and Output Loss in Emerging Markets
PB02-02	Michael Hutchison Ilan Neuberger	How Bad Are Twins? Output Costs of Currency and Banking Crises
PB02-01	Mark M. Spiegel	The Disposition of Failed Japanese Bank Assets: Lessons from the U.S. Savings and Loan Crisis
PB01-12	Ramon Moreno Reuven Glick	Is Money Still Useful for Policy in East Asia?
PB01-11	Gabriella Montinola Ramon Moreno	The Political Economy of Foreign Bank Entry and Its Impact: Theory and a Case Study
PB01-10	Richard K. Lyons	Foreign Exchange: Macro Puzzles, Micro Tools
PB01-09	Mardi Dungey Diana Zhumabekova	Testing for Contagion Using Correlations: Some Words of Caution

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CENTER WORKING PAPERS

NUMBER	AUTHOR	TITLE
PB01-08	Diana Zhumabekova Mardi Dungey	Factor Analysis of a Model of Stock Market Returns Using Simulation-Based Estimation Techniques
PB01-07	Mark M. Spiegel Nobuyoshi Yamori	The Impact of Japan's Financial Stabilization Laws on Bank Equity Values
PB01-06	Ian W. McLean Alan M. Taylor	Australian Growth: A California Perspective
PB01-05	Gongpil Choi	Structural Changes and the Scope of Inflation Targeting in Korea
PB01-04	Mark M. Spiegel	Financial Development and Growth: Are the APEC Nations Unique?
PB01-03	Betty C. Daniel John Bailey Jones	Financial Liberalization and Banking Crises in Emerging Economies
PB01-02	Michael Hutchison	A Cure Worse Than the Disease? Currency Crises and the Output Costs of IMF-Supported Stabilization Programs
PB01-01	Thomas Cargill Elliott Parker	Asian Finance and the Role of Bankruptcy
PB00-05	Reuven Glick Michael Hutchison	Capital Controls and Exchange Rate Instability in Developing Economies
PB00-04	Ramon Moreno	Pegging and Macroeconomic Performance in East Asia
PB00-03	Mark M. Spiegel Nobuyoshi Yamori	Financial Turbulence and the Japanese Main Bank Relationship
PB00-02	Reuven Glick	Fixed or Floating: Is It Still Possible to Manage in the Middle?
PB00-01	Mark M. Spiegel Nobuyoshi Yamori	The Evolution of "Too-Big-to-Fail" Policy in Japan: Evidence from Market Equity Values
PB99-07	Reuven Glick Michael Hutchison	Banking and Currency Crises: How Common Are Twins?
PB99-06	Mark M. Spiegel	Bank Charter Value and the Viability of the Japanese Convoy System
PB99-05	Nobuyoshi Yamori Taiji Baba	Japanese Management Views on Overseas Exchange Listings: Survey Results
PB99-04	Nobuyoshi Yamori Takeshi Kobayashi	Is It True that Insurers Benefit from a Catastrophic Event? Market Reactions to the 1995 Hanshin-Awaji Earthquake
PB99-03	Kenneth Kletzer Mark M. Spiegel	Sterilization Costs and Exchange Rate Targeting
PB99-02	Michael Hutchison Kathleen McDill	Are All Banking Crises Alike? The Japanese Experience in International Comparison
PB99-01	Reuven Glick Ramon Moreno	Money and Credit, Competitiveness, and Currency Crises in Asia and Latin America
PB98-07	Reuven Glick	Thoughts on the Origins of the Asia Crisis: Impulses and Propagation Mechanisms
PB98-06	Jose Antonio R. Tan, III	Contagion Effects during the Asian Financial Crisis: Some Evidence from Stock Price Data
PB98-05	Ramon Moreno	Was There a Boom in Money and Credit Prior to East Asia's Recent Currency Crisis?
PB98-04	Kenneth Kasa	Borrowing Constraints and Asset Market Dynamics: Evidence from the Pacific Basin

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CENTER WORKING PAPERS

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PB98-03	Reuven Glick Andrew K. Rose	Contagion and Trade: Why Are Currency Crises Regional?
PB98-02	Ramon Moreno Gloria Pasadilla Eli Remolona	Asia's Financial Crisis: Lessons and Policy Responses
PB98-01	Inwon Song	Korean Banks' Responses to the Strengthening of Capital Adequacy Requirements
PB97-08	Chan Huh Kenneth Kasa	A Dynamic Model of Export Competition, Policy Coordination, and Simultaneous Currency Collapse
PB97-07	Menzie Chinn	On the Won? And Other East Asian Currencies
PB97-06	Menzie Chinn	The Usual Suspects? Productivity and Demand Shocks and Asia-Pacific Real Exchange Rates
PB97-05	Chiho Kim	Monetary Policy in a Changing Financial Environment: Searching for an Efficient Monetary Policy Framework in Korea
PB97-04	Takatoshi Ito Richard Lyons Michael Melvin	Is There Private Information in the FX Market? The Tokyo Experiment
PB97-03	Richard Meese Andrew K. Rose	Exchange Rate Instability: Determinants and Predictability
PB97-02	Michael Hutchison Carl Walsh	Central Bank Institutional Design and the Output Cost of Disinflation: Did the 1989 New Zealand Reserve Bank Act Affect the Output-Inflation Tradeoff?
PB97-01	Ramon Moreno Mark M. Spiegel	Are Asian Economies Exempt from the "Impossible Trinity"? Evidence from Singapore

PACIFIC BASIN CONFERENCE VOLUMES

Glick, Reuven, Ramon Moreno, and Mark M. Spiegel (eds.), *Financial Crises in Emerging Markets*, New York, New York: Cambridge University Press, 2001.

Glick, Reuven (ed.), *Managing Capital Flows and Exchange Rates: Perspectives from the Pacific Basin*, New York, New York: Cambridge University Press, 1998.

Glick, Reuven, and Michael Hutchison (eds.), *Exchange Rate Policy and Interdependence: Perspectives from the Pacific Basin*, Cambridge, Massachusetts: Cambridge University Press, 1994.

Cheng, Hang-Sheng (ed.), *Monetary Policy in Pacific Basin Countries*, Norwell, Massachusetts: Kluwer Academic Publishers, 1988.

Cheng, Hang-Sheng (ed.), *Financial Policy and Reform in Pacific Basin Countries*, Lexington, Massachusetts: Lexington Books, 1986.

FRBSF ECONOMIC REVIEW

ARTICLES ON PACIFIC BASIN TOPICS

ISSUE	AUTHOR	TITLE
2002	Richard Lyons	Foreign Exchange: Macro Puzzles, Micro Tools
2002	Mark M. Spiegel	The Disposition of Failed Japanese Bank Assets: Lessons from the U.S. Savings and Loan Crisis
2001	Ramon Moreno	Pegging and Stabilization Policy in Developing Countries
1999:3	Ramon Moreno	Depreciations and Recessions in East Asia
1999:3	Mark M. Spiegel	Moral Hazard in the Japanese “Convoy” Banking System
1999:1	Ramon Moreno	Was There a Boom in Money and Credit Prior to East Asia’s Recent Currency Crisis?
1998:3	Kenneth Kasa	Borrowing Constraints and Asset Market Dynamics: Evidence from the Pacific Basin
1997:3	Eric O’Neill Fisher Kenneth Kasa	Generational Accounting in Open Economies
1996:3	Ramon Moreno	Intervention, Sterilization, and Monetary Control in Korea and Taiwan
1995:3	Ramon Moreno	Macroeconomic Behavior during Periods of Speculative Pressure or Realignment: Evidence from Pacific Basin Economies
1995:3	Mark M. Spiegel	Sterilization of Capital Inflows through the Banking Sector: Evidence from Asia
1994:2	Chan Huh Sun Bae Kim	Financial Regulation and Banking Sector Performance: A Comparison of Bad Loan Problems in Japan and Korea
1994:1	Sun Bae Kim Ramon Moreno	Stock Prices and Bank Lending Behavior in Japan
1993:3	Ramon Moreno Sun Bae Kim	Money, Interest Rates, and Economic Activity: Stylized Facts for Japan
1993:1	Sun Bae Kim	Do Capital Controls Affect the Response of Investment to Saving? Evidence from the Pacific Basin
1992:3	Ramon Moreno	Macroeconomic Shocks and Business Cycles in Australia
1992:1	Ramon Moreno Norman Yin	Exchange Rate Policy and Shocks to Asset Markets: The Case of Taiwan in the 1980s
1991:4	Sun Bae Kim	The Use of Equity Positions by Banks: The Japanese Evidence
1991:2	Reuven Glick	Japanese Capital Flows in the 1980s
1990:4	Sawaichiro Kamata	Managing Risk in Japanese Interbank Payment Systems
1990:1	Ramon Moreno	External Shocks and Adjustment in Four Asian Economies — 1978–87
1989:3	Gary Zimmerman	The Growing Presence of Japanese Banks in California
1989:2	Ramon Moreno	Exchange Rates and Trade Adjustment in Taiwan and Korea

FRBSF ECONOMIC LETTER
PACIFIC BASIN NOTES OR RELATED TITLES

DATE	AUTHOR	TITLE
9/1/03	Mark M. Spiegel	Japan's Foreign Exchange Intervention
7/18/03	Michael Hutchison	Is Official Foreign Exchange Intervention Effective?
6/27/03	Diego Valderrama	Financial Development, Productivity, and Economic Growth
5/9/03	Mark M. Spiegel	What Monetary Regime for Post-War Iraq?
4/25/03	Joshua Aizenman Nancy Marion	Foreign Exchange Reserves in East Asia: Why the High Demand?
12/27/02	Reuven Glick	Financial Issues in the Pacific Basin Region: Conference Summary
10/18/02	Ramon Moreno	Learning from Argentina's Crisis
9/27/02	Thomas F. Cargill	Japan Passes Again on Fundamental Financial Reform
8/23/02	Mark M. Spiegel	Argentina's Currency Crisis: Lessons for Asia
6/28/02	Mark M. Spiegel	Towards a Sovereign Debt Restructuring Mechanism
6/14/02	Reuven Glick	Country Crises and Corporate Failures: Lessons for Prevention and Management?
5/31/02	Ramon Moreno	Reforming China's Banking System
2/8/02	Paul R. Bergin	Is There a Role for International Policy Coordination?
11/2/01	Mark M. Spiegel	Quantitative Easing by the Bank of Japan
8/31/01	Ramon Moreno	Capital Controls and Emerging Markets
7/20/01	Reuven Glick Michael Hutchison	Capital Controls and Exchange Rate Stability in Developing Countries
7/13/01	Betty C. Daniel	Fiscal Policy and Inflation
5/18/01	Thomas F. Cargill Naoyuki Yoshino	Japan's New Prime Minister and the Postal Savings System
3/30/01	Michael Hutchison	How Costly Are IMF Stabilization Programs?
3/23/01	Reuven Glick Ramon Moreno Mark M. Spiegel	Financial Crises in Emerging Markets
3/9/01	Mark M. Spiegel	The Return of the "Japan Premium": Trouble Ahead for Japanese Banks?
1/12/01	Kenneth Kasa	Will Inflation Targeting Work in Developing Countries?
12/29/00	Ramon Moreno	East Asia: Recovery and Restructuring
10/6/00	Kenneth Kasa	Knightian Uncertainty and Home Bias
09/29/00	Ramon Moreno	Does Pegging Increase International Trade?
09/08/00	Mark M. Spiegel	Short-term International Borrowing and Financial Fragility
7/21/00	Ramon Moreno	What Explains Capital Flows?
6/16/00	Michael Hutchison	Japan's Recession: Is the Liquidity Trap Back?
6/2/00	Kenneth Kasa	The Composition of International Capital Flows
5/19/00	Alan Taylor	Dollarization as a Technology Import
4/7/00	Mark M. Spiegel	Inflation Targeting for the Bank of Japan?

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PARTICIPATION

Two types of participation in the Center's activities are possible:

Visiting Scholars. Visiting Scholars are invited to conduct research at the Center on Pacific Basin monetary, financial, and economic policy issues of interest to the United States and other nations in the region. The Center is prepared to receive up to three Visiting Scholars at a time. In principle, the terms of Visiting Scholars are for six months; in special cases, shorter or longer terms can be considered. To qualify, a Visiting Scholar must have an established research record in terms of publications in professional economic journals and the ability to interact in English with other researchers.

Besides an opportunity to conduct full-time research on Pacific Basin subjects, a particular attraction to scholars is an environment that

provides active and mutually supportive interactions with other scholars with similar interests as well as access to the expertise of the Bank's research staff in a wide range of subject areas, such as monetary policy, macroeconomics, international economics, economic development, and banking and financial markets. In addition, scholars have access to renowned economics and finance faculty members in the universities and research institutes located in the San Francisco Bay Area. Visiting Scholars also benefit from the Center's research support facilities, including research assistants, computers, the Bank's databases, and its Research Library's reference services and Pacific Basin collection.

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PARTICIPATION IN THE CENTER'S PROGRAMS

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