

# The Asian financial crisis

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## Thailand: crisis, reform and recovery

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### Summary

The Asian financial crisis of 1997-98 shook the foundations of the global economy and what began as a localised currency crisis soon engulfed the entire Asian region. This book explores what went wrong and how did the Asian economies long considered 'miracles' respond, among other things. The combined effects of growing unemployment, rising inflation, and the absence of a meaningful social safety-net system, pushed large numbers of displaced workers and their families into poverty. Resolving Thailand's notorious non-performing loans problem will depend on the fortunes of the country's real economy, and on the success of Thai Asset Management Corporation (TAMC). Under International Monetary Fund's (IMF) oversight, the Indonesian government has also taken steps to deal with the massive debt problem. After Indonesian Debt Restructuring Agency's (INDRA) failure, the Indonesian government passed the Company Bankruptcy and Debt Restructuring and/or Rehabilitation Act to facilitate reorganization of illiquid, but financially viable companies. Economic reforms in Korea were started by Kim Dae-Jung. the partial convertibility of the Renminbi (RMB), not being heavy burdened with short-term debt liabilities, and rapid foreign trade explains China's remarkable immunity to the "Asian flu". The proposed sovereign debt restructuring mechanism (SDRM) (modeled on corporate bankruptcy law) would allow countries to seek legal protection from creditors that stand in the way of restructuring, and in exchange debtors would have to negotiate with their creditors in good faith.

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