THE ASIAN CRISIS

by Catherine Harris

The current crisis in Asia is disturbing because it was so unexpected. When Mexico had a similar crisis in 1994, no one was surprised. Latin American countries have a history of very high inflation, large government deficits, and high levels of foreign borrowings. It was easy to understand how problems could develop.

China was considered the only country in Asia where there might be an economic crisis. It still has a lot of government involvement in the economy. In terms of ownership, inefficient, state-owned enterprises still account for a lot of the industrial output. The state also exerts control over investment decisions. Yet China remains relatively untouched by the current Asian troubles, although its growth has slowed as a result of weaker demand among its neighbors.

The other countries, known as the Asian tigers—Hong Kong, Korea, Indonesia, Malaysia, the Philippines, Singapore, Taiwan, and Thailand—were considered model economies. These countries had a strong work ethic, high internal savings, financially responsible governments, and relatively low debt load. They seemed to have avoided the problems that developing countries often experience. They had kept inflation relatively moderate, generally at less than 10%, and financed their growth from domestic savings. They relied on direct foreign investment, which involves foreign companies building or purchasing businesses in a country. This kind of financing is more stable. Companies do not lightly pack their bags and leave a country where they are doing business.

However, it turns out that the impression of the Asian tigers as sound economic countries is really only true for Hong Kong, Singapore, and Taiwan. Even they are feeling the impact of the crisis through dropping exports to the other Asian countries and pressure on their currencies by speculators. Hong Kong is already in recession as it tries to maintain the value of the Hong Kong dollar. The other two economies have let their currencies drop and are still growing, but slowly.

The other five tigers, as well as China, have many of the same problems that caused Mexico's crisis as well as some that Mexico did not have. Their economic problems are not as widespread as those of Mexico in 1994, but they have more problems in the financial sector.

The problems are fixable, just as Mexico's were. The solutions depend primarily on whether the political will exists to take all the measures needed quickly. Mexico was forced to take its medicine because it was part of NAFTA (the North American Free Trade Agreement) and could not backtrack on its commitments. The Asian countries have more flexibility. They could follow the example of Japan, which has dragged its heels on reform in the 1990s and remains tangled in a long period of sluggish growth.

By fall 1998, the crisis already appeared likely to last longer than the Mexican one. Three of the eight Asian tigers—Hong Kong, Korea, and Thailand—were in recession. Political unrest, including rioting, looting, and other violence, has destroyed a significant number of businesses in Indonesia. Output has dropped an estimated 20% this year. The crisis has been further compounded by problems in Japan, which exports a lot to the tigers and has a lot of investments in those countries. It is now also in recession.

The problems of the five troubled tigers vary, but there are common themes. On the economic side, a major problem was overspending. Basically, the countries didn't sufficiently consider whether projects really made economic sense. This included governments who were undertaking projects that weren't really needed. There was also a lot of overspending in the private sector. There was too much investing in real estate—building expensive condominiums and office space. There were unwise business expansions. Some of these were in sectors where there was already enough being produced to meet demand. When more capacity was added, prices had to drop to sell the added production. There were also cases where companies expanded in profitable areas to try to cover up losses in unprofitable operations. They should have closed down unprofitable activities first. Then, expansion should have been limited to cases where it was both affordable and justified in terms of market conditions.

Overspending was made easier by weak financial systems that did not have sufficient controls to make sure loans made sense. Making the situation worse was the ease with which companies could borrow abroad. Many companies found they could borrow U.S. dollars at lower rates of interest than they had to pay at home. So projects went ahead that wouldn't have made sense if the money had to be borrowed at higher interest rates in the country in question.

In this kind of situation, one negative development can produce a shock wave that has wide impacts. Investors started worrying about the economic fundamentals in Thailand where trade performance had deteriorated sharply. There was a sudden withdrawal of short-term money. Because such money is lent for short periods of time, it can be quickly moved from one country to another. That led to a big drop in the value of the Thai currency and stock market. Investors then starting wondering about the other tigers and withdrew funds from Indonesia. Soon all currencies except the Hong Kong dollar were experiencing big drops, and all stock markets suffered. Modern computer technology has made it very easy to move money quickly. This has increased the potential instability that can be caused by fear or a sudden change in economic conditions.

By late 1997, rescue packages had been put together by the International Monetary Fund (IMF) for Thailand, Indonesia, and Korea. The IMF, which came to Mexico's rescue in late 1994, is the bank of last resort for countries. It is funded by donations from industrialized countries and designs recovery plans that usually involve various reforms.

An analysis by Peter Pauly of the University of Toronto's Institute for Policy Analysis shows the sources of weaknesses that led to the crisis. The two charts below show various economic and financial indicators. An "x" indicates problems. As can be seen, according to this analysis, none of the tigers had as many x's on the economic side as Mexico did when it went into crisis in late 1994. But most had more x's on the financial side.

COUNTRY	MACROECONOMIC INDICATORS												
	1	2	3	4	5	6	7	8	9	10	11	12	13
Mexico	x	x	x	x	x	x	x	x	x	x	x	x	x
China													x
Hong Kong													x
Indonesia	x		x			x			x				x
Korea			x	x		x			x	x	x	x	
Malaysia	x			x	x				x	x			x
Philippines	x		x	x	x		x	x	x	x			x
Singapore	x												
Taiwan													
Thailand	x	x	x	x					x	x	x	x	x

MACROECONOMIC INDICATORS

1. Real Exchange Rate Pressure
2. Low or Reduced Growth Rate of GDP
3. High Relative Rate of Inflation
4. High Interest Rate Differential
5. Rising Interest Rate Differential
6. High Real Interest Rate
7. Low Domestic Saving Rate
8. Large Trade Deficit
9. Large Current Account Deficit
10. High Ratio of Foreign Portfolio to Direct Investment
11. Large Foreign Debt with Short Maturity
12. Large US$-Denominated Debt (unhedged)
13. High Ratio of Real Estate to Equipment Investment

COUNTRY	FINANCIAL SECTOR INDICATORS										
	14	15	16	17	18	19	20	21	22	23	24
Mexico	x	x	x	x		x			x	x	
China		x	x	x	x		x	x	x	x	x
Hong Kong			x								
Indonesia	x	x	x	x	x			x	x	x	x
Korea			x	x	x		x	x	x	x	x
Malaysia	x	x	x	x	x	x		x	x	x	
Philippines			x							x	
Singapore											
Taiwan			x		x					x	
Thailand	x	x	x	x	x	x	x	x	x	x	

FINANCIAL SECTOR INDICATORS

14. Insufficient Prudential Oversight
15. Inadequate Reporting and Auditing Procedures
16. Casual Credit Risk Assessment
17. Limited Bank Reserve Requirements
18. Close Link between Financial Sector and Politics
19. Fragmentation of Financial Sector
20. High Percentage of Non-Performing Loans
21. Reluctant Write-Offs/Closures/Mergers
22. Limited Access for Foreign Financial Institutions
23. Underdeveloped Portfolio of Financial Instruments
24. Inefficient Resource Allocation

Asian economies score poorest in having casual credit risk assumptions, an underdeveloped portfolio of financial instruments, close links between the financial sector and politics, and a high ratio of real estate to equipment investments.

Casual credit risk assumptions means that lenders do not sufficiently examine the economic value of projects. For example, they may not ask whether there is a market for the goods to be produced at a price that would generate a profit. Lenders too often neglect the financial health of borrowers. They may not make sure companies are making enough money to continue paying off their loans if sales slow down. Singapore was the only one

of the nine Asian countries (the eight tigers plus China) that was not vulnerable on this count.

An underdeveloped portfolio of financial instruments means that companies and investors do not have access to enough derivatives to minimize risk. Derivatives protect companies and investors from an unexpected change in interest rates or the value of a currency, commodity, or stock. A futures contract is one type of derivative. For example, a Canadian company that sells in the U.S. can purchase a futures contract that allows it to sell US$ at a certain price on the day it expects to receive payment on a particular sale. This ensures that it will get a certain number of Canadian dollars when the U.S. dollars are exchanged for Canadian dollars. This is known as hedging. Say the C$ rises in value to US75¢ from US70¢ between the time of the sale and the receipt of the payment. Without hedging the C$ at US70¢, the company would receive only C$13,333 on a US$10,000 sale. With hedging, it receives the US$10,000 and uses its futures contract to sell it at US70¢. This way, the Canadian company receives $14,286—less the small cost of buying the hedging instrument. In this way, hedging can be used by sellers (and buyers) to guarantee they will receive (or pay) the price they agreed upon at the time of sale. This can be done to cover virtually any risk in sophisticated financial markets like Canada. It has not been possible to do this in many Asian financial markets. Singapore and Hong Kong were the only countries with enough variety of financial instruments.

Close links between the financial sector and politics means that political pressures can result in loans that are not economically viable. In strong financial systems, banks make loans on the basis of the merits of the project, not on who the borrower knows. In many Asian countries, too many loans are made on the basis of personal contact. For example, a politician may tell a financial institution with whom the politician has connections to make a loan to a certain company. If too many of these companies are unable to repay their loans, financial institutions can find themselves in trouble and at risk of bankruptcy. This kind of corrupt system can also mean that companies with good projects do not get the financing they need. Singapore, Korea, and the Philippines were the only countries without these close links between the political and financial systems.

A high ratio of real estate to equipment investments means that too much money is going into real estate. When you invest in equipment, you are increasing your capacity to produce goods. To go along with that, you need a certain amount of offices and housing. But if the balance tips too much toward real estate, you run the risk of not generating enough income to pay for the real estate. Singapore, Korea, and Taiwan were the only countries with non-risky real estate to equipment investment ratios.

Other widespread weaknesses included real exchange rate vulnerability, large current account deficits, low bank reserve requirements, reluctant write-offs/closures/ mergers, and limited access for foreign financial institutions. For each of these indicators, five countries were at risk, though not always the same ones.

Real exchange rate vulnerability usually means that your currency is overvalued compared to your competitors. However, it can also be caused by speculation. This is

what happened in Singapore. Speculators figured that demand for the Singapore dollar would decline because of the turmoil in the region even though there was no economic reason for a drop in the currency. In Indonesia, Malaysia, the Philippines, and Thailand, the exchange rate pressure was "real," caused by overvalued currencies. This, in many ways, was the starting point of the crisis. In 1994, China depreciated its currency, allowing it to take market share away from other Asian countries. This was offset initially for the tigers by increased competitiveness with Japan as the yen appreciated. However, in 1997 the yen started to drop, and they were suddenly less competitive against both China and Japan.

By 1997, the deterioration in trade had produced large current account deficits in all four of these countries plus Korea. The current account covers all international trade, including services and investment payments and receipts (interest and dividends) as well as goods. Both Korea and Thailand were also affected by the collapse of the market for semi-conductors—a key component of computers. These countries did not sell enough abroad to pay for their imports. They had to increase interest rates to attract enough capital into the country to cover the deficit. Higher interest rates raise the cost of production. This, in turn, can lead to reduced sales and lower production levels.

Low bank reserve requirements means that banks may not have enough money to cover bad loans. This was a problem in China, Indonesia, Korea, Malaysia, and Thailand.

Another problem was that companies were reluctant to write off unsuccessful projects or to close down unprofitable operations. Profits of successful operations were being used to make up for losses in other parts of the business, which increases the risk of bankruptcy. There was also reluctance on the part of companies in these countries to merge. That means missed opportunities. It is often the case that when two relatively unsuccessful companies are merged, their complementary strengths can result in a suddenly stronger growing firm.

One reason behind the reluctance to merge is probably lack of competition among financial institutions. All five countries have "low access" for foreign financial institutions. Ownership rules require that domestic investors own most of the equity in financial institutions. Licensing requirements can limit the activities of foreign financial institutions. More foreign competition would improve the advice and service offered by financial institutions and reduce the cost to consumers and businesses.

It's clear from the above that Thailand stands out as the most vulnerable country. It was vulnerable on all but four economic and one financial indicator. Its few strengths included relatively low real (after-inflation) interest rates, high domestic savings, only a small deficit on trade in goods, and good resource allocation. These were more than offset by slowing economic growth, relatively high inflation, interest rates higher than their neighbours, too much foreign debt, weak financial sector regulation, fragmentation of the financial sector, and a high percentage of non-performing loans.

In addition, it did not have enough foreign direct investment. Ideally, developing countries should have most of their foreign investment in the form of long-term commitments. The preference is for direct investment, involving building production facilities or investing in local companies. Loans should be long-term rather than of short duration to avoid sudden withdrawals of money. And debt should be hedged. As mentioned, hedging means that you protect yourself from changes in the value of your currency. Buying a futures contract allows you to purchase your lender's currency at a specified time when you will need to make payments on the loan.

Thailand's position in terms of level or mix of debt mirrors Mexico's position in 1994. It is the kind of vulnerability considered typical of Latin American countries but not expected in Asia. Only Korea is equally vulnerable although Malaysia and the Philippines are also low on the proportion of direct investment.

The crisis in Thailand was triggered in July 1997 by the withdrawal of short-term funds on which it was too dependent. The first impact was on the currency, and the initial drops were just the start. As investors started to realize the depth of the country's problems, more moved money out of the country and the stock market collapsed. By the end of 1997, the Baht was down 37%, the stock market had dropped 34%, and the country was in recession. Forecasters believe output will drop even more in 1998 than it did in 1997. As of summer 1998, Boston-based economic consulting firm Standard & Poor's DRI was forecasting a drop in output of 6.1% for 1998 and 0.4% in 1999. The country had to turn to the International Monetary Fund, which stepped in with a rescue package.

By August, the crisis had spread to Indonesia, which was at risk on nine of 11 financial sector indicators. The country also turned to the IMF for a rescue package. Unfortunately, the initial economic problems soon produced political turmoil that escalated the economic turmoil. Rioting, looting, and other violence—particularly aimed at the "ethnic Chinese" who operate many of the country's businesses—have destroyed significant portions of the commercial sector. Indonesia is now in a very deep recession, with output expected to fall 20% this year and another 5% next year.

By late last year, the crisis had spread to Korea, which was also very vulnerable. It had adequate financial sector oversight and regulation and the sector was not fragmented, but it was weak on all other financial sector counts. On the economic side, it was vulnerable on seven indicators including the three "foreign debt" ones that precipitated the crisis in Thailand. Output is expected to decline 6.7% this year and, again, the IMF has had to step in with a rescue package.

Although Malaysia has as many vulnerabilities as Thailand and Korea, it has not been hit as hard mainly because it didn't have the same high levels of foreign debt. It is in a relatively mild recession, with output expected to drop 2.7% this year, and it hasn't had to ask the IMF for help.

The Philippines has so far escaped the full impact of the crisis, although both its currency and stock markets have tumbled. It is as vulnerable as Thailand on the economic side but has a strong financial sector. It is vulnerable only in terms of casual credit risk assumptions and an underdeveloped portfolio of financial instruments. Its economy is expected to slow to 1.5% this year, mainly because of lower exports to other Asian countries.

China has been even less affected, although export growth has slowed. Output is expected to be up 5% this year versus 8.8% in 1997. It is strong on most economic early warning indicators, although it has a weak financial sector.

Japan has been more affected. Japan not only has close trading ties but has also invested heavily in the troubled countries. Japan is, of course, a fully developed economy, but it has its own set of problems that have slowed down its growth since the late 1980s. The problems are mainly structural. Certain industries, such as agriculture, retailing, and wholesale distribution, are protected from import competition. This has resulted in inefficient and costly operations. The retail sector is also subject to a lot of regulations. It is difficult for foreign producers to get their goods on store shelves even when there are no limits on what they can import into Japan. Japan's financial sector also has problems. Many financial institutions are weak and only continue operating because of government rescue packages. Japan has been slow to institute reforms. It doesn't need financial help from the IMF and so is not being forced to push reforms through quickly. Japan's output is expected to drop 2.7% this year and 0.8% in 1999.

The problems of the Asian countries are also having some impact on the rest of the world, but it's relatively minor so far. The impact comes in two ways. First, the tigers are importing less and pushing their exports harder. That means that other countries will lose sales, which will slow their growth down. Second, the lower growth rates in the tigers will decrease demand and lower prices for natural resources. This will not only slow growth but also decrease profits on the sales made. This is the main way in which Canada is affected because we don't buy or sell a lot to the tigers. The degree to which these two impacts lower growth in other countries depends on how much they sell to and buy from the tigers, how many of their exports to other countries are also produced by the tigers, and how dependent they are on resources.

Another fallout of the Asian crisis could be increased pressure to restrict imports from the tigers in countries that trade a lot with the tigers. This is particularly a concern vis-à-vis the U.S. There, many people and companies have been alarmed by the large trade deficit that the country already has with Asian countries. This is based on a belief that Asian imports take jobs away from Americans. Many Americans do not believe that there are more benefits to a country when it specializes, producing and exporting a lot of the things that it does best and importing its other requirements. Recent American presidents have not given into this pressure, but it remains a risk. If the U.S. did restrict imports from Asia, that would likely set off a trade war. That is, Asian countries would restrict U.S. imports. The result would be even slower growth everywhere.

Glossary: Definitions of early-warning indicators

Macroeconomic Indicators

1. **Real exchange rate pressure** usually means that there is not enough demand for your currency. This most often occurs when the value of imports rises faster than the value of exports. The deterioration can come from investment payments and receipts (interest payments and dividends) as well as trade in goods and services. For example, rising foreign debt increases interest payments in foreign currencies. When foreigners make a loan, it creates a demand for the currency of the country in which the money is invested. This increase in demand increases the value or exchange rate of that country's currency. But the loan must be paid back with interest. This means the currency of the country in which the loan was made must be exchanged back into the creditor's currency. This exchange increases the supply of debtor's currency in the foreign currency market. Increased supply in any market can mean a reduced price or, in this case, a lower exchange rate. Speculators can also cause real exchange rate pressure by selling off a currency even when there may be no economic reasons for it to drop. Future expectations are a powerful force in any market.

2. **Low or reduced economic growth** means that the economy is not performing well. The usual measure of economic growth is the change in a country's Real Gross Domestic Product. Real GDP measures the value of the goods and services produced by an economy, taking into account any change in general price levels. If an economy is not performing well, Real GDP decreases, meaning the economy is producing fewer goods and services and investors may not want to invest in the country.

3. **Relatively high inflation** means that prices are rising faster than in other countries. If that continues, competitiveness suffers. Companies will find that they cannot make a profit without raising prices. But, if they raise prices they'll lose sales to competitors based in lower-inflation countries.

4. **A high interest rate differential** means that interest rates are higher than in other countries. This adds to the cost of doing business, which also reduces competitiveness.

5. **A rising interest rate differential** means that the cost of borrowing money is rising faster than in other countries. This signals an increasing loss of competitiveness.

6. **High real (after-inflation) interest rates** means that interest rates after adjusting for the rise in prices are high relative to other countries. This adds even more to the cost of doing business since the cost of borrowing money is high not only in terms of the country itself but also in terms of its competitors.

7. **A low domestic savings rate** means that consumers are not saving a lot of money. That means that there isn't a lot of money available for companies to borrow, which

forces them to borrow abroad to get the money they need. If a company has to borrow in a foreign currency, it may face very high payments if the value of its home currency falls relative to the currency in which it owes money.

8. **A large trade deficit** means that a country is importing a lot more goods than it is exporting. That means that it is not competitive in the production of a lot of goods. It will have to borrow abroad unless it has an offsetting surplus in its trade of services or investment payments and receipts (which includes interest and dividend payments).

9. **A large current account deficit** means that a country is not earning enough from its total international trade in goods and services to pay for what it is buying abroad. The result is that a country has to borrow large amounts of money abroad.

10. **A high ratio of foreign portfolio to direct investment** means that the foreign money its companies use to finance their operations is from selling shares traded on stock exchanges, bonds, and loans. Direct investment is when a foreign company buys part or all of a local company or creates a company in the country. Direct investment is preferable because investors tend to stay for a long time. If you want to get out of a direct investment you have to find a buyer or group of buyers. In contrast, shares and bonds are easily bought and sold in financial markets around the world.

11. **A large amount of foreign debt with a short maturity** means that a lot of companies have borrowed abroad for periods of under a year—even though they need much of the money for longer periods of time. Much of the financing needs of companies are for buying machinery and equipment, and that is usually paid off over the life of the equipment. If a company expects to use a machine for 10 years but borrows the money to pay for the equipment for just one year, it will have to re-borrow the money in 12 months. That exposes companies to the risk that interest rates will be higher or exchange rates less favourable when they refinance.

12. **A large amount of US$-denominated debt** puts companies at risk unless they have hedged. Hedging currencies means that you lock in the price at which you can buy the currency. The date of the hedge is the same as the due date of the loan so that a company can be sure that its costs won't rise due to negative exchange rate movements.

13. **A high ratio of real estate to equipment investment** means that too much money is going into non-productive investments. When you invest in equipment, you are increasing your capacity to produce goods. To go along with that, you need a certain amount of offices and housing. If the balance tips too much towards real estate, you run the risk of not generating enough income to pay for the real estate.

Financial Sector Indicators

14. **Insufficient prudential oversight** means that the government does not closely watch the financial health of its financial institutions. This can result in too many bad loans.

15. **Inadequate reporting and auditing procedures** means that banks and other financial institutions do not have to detail the types of loans they make and the risks involved in those loans. They may also not have to report the results of various operations in detail, which could hide the fact that they are losing money in certain areas.

16. **Casual credit risk assumptions** mean that lenders do not sufficiently examine the economic viability of projects and the financial health of borrowers. For example, they may not ask whether there is a market for the goods to be produced at a price that would generate a profit after covering the costs of producing them. They may also not make sure companies are making enough money to continue paying off their loans if sales slow down.

17. **Limited bank reserve requirements** mean that banks are not required to keep enough money on hand to cover a reasonable number of bad loans. Any bank will make some bad loans. There are international standards that indicate how much money banks should have on hand to cover a run of bad luck with their loans.

18. **Close links between the financial sector and politics** means that political pressures can result in loans that are not economically viable. Banks should make loans on the basis of the merits of the project, not on who the borrower knows.

19. **Fragmentation of the financial sector** means that there are too many banks, many of which are operating in only certain parts of the economy. There are two risks. The first is that there can be so many banks operating in a particular area that some of them are unprofitable and could go bankrupt. The second is that there are not enough big banks that operate country-wide. A certain number of big banks help stabilize a country's financial system. They have enough money to help smaller banks if they run into problems—either through loans or by taking over some of the troublesome loans.

20. **A high percentage of non-performing loans** means that banks are lending to companies that are not in good enough financial shape to survive or expand.

21. **A reluctance to write off unsuccessful projects** or to close down unprofitable operations can result in companies who are running the risk of bankruptcy. A reluctance to merge can mean missed opportunities. It is often the case that when two relatively unsuccessful companies are merged, their complementary strengths result in a strongly growing firm.

22. **Limited access for foreign financial institutions** means that domestic banks face little competition. This can result in not enough care in making loans. Competition makes companies more efficient. If they cannot offer as good prices and/or as good advice as their competitors, they will lose market share. For example, a bank that has made a lot of bad loans can only survive if it can charge higher interest rates on other loans to make up for the revenue it is not receiving on the bad loans. In a competitive environment, this could not happen for long because other banks would offer lower interest rates. Domestic banks would, thus, be forced to improve their loan approval program. They might also offer more advice to customers to keep them financially healthy, such as urging them to write off unsuccessful projects and close down unprofitable operations.

23. **An underdeveloped portfolio of financial instruments** means that companies and investors don't have enough access to the sophisticated financial instruments, known as derivatives, that can be used to minimize risk. Derivatives are financial instruments that allow companies and investors to ensure they don't get caught by an unexpected change in interest rates or the value of a currency, commodity, or stock. For example, futures lock in the price of a currency or commodity at a specific date in the future. Swaps allow companies to exchange the interest from a bond for one with different time periods. Options allow investors to purchase stocks or commodities at certain prices.

24. **Insufficient resource allocation** means that a country's financial sector is not making loans available to all industries and regions. This can be the result of too much government control and interference. Loans are not always made on the basis on rates of return. That means that money is not put to its most efficient use. It can mean that some regions and industries are unable to develop to their full potential. It can also mean too much development in other sectors or regions. If too many companies start up or expand in an industry, there can be a flood of goods that can only be sold at very low prices, eventually leading to bankruptcies.

Catherine Harris is an Economic Journalist based in Toronto.

Asian Crisis Links

CFEE would suggest the following sites to those who wish to explore the Asian Crisis in more detail or get the latest developments and comment.

Asia Pacific Foundation (www.apfc.ca/pubs/index.html)

The Foundation is a good source of information, analysis, and opinion. A section of the site is devoted to educational material, which comes with a Teacher's Guide. Pacific Rim Profiles consists of a series of 12-page booklets about 15 Pacific Rim countries. They are available individually or for $99.50 for the entire set.

Online information available without charge consists of Canada Asia Commentary, a bimonthly magazine that provides "timely, informed and concise analysis of developments in Asia from a Canadian perspective." The articles seem to be interesting, topical, and within the reading skills of a good senior high school student doing research.

The Foundation also provides downloadable publications (Adobe Acrobat PFD files) on topics such as: "Asia's Currency Crisis: What Next?" and "Social Impacts of the Asian Crisis: The Unravelling of the Asian Miracle?"

The Fraser Institute

The lead article in May's issue of *Fraser Forum*, "Asia's Financial Crisis—Causes, Cure & Outlook" (www.fraserinstitute.ca/forum/1998/may/bureau.html) and a companion piece "What Can We Learn about Recovery from Asian Flu from the Economic Freedom Index?" (www.fraserinstitute.ca/forum/1998/may/cover_story.html) applies the Institute's economic freedom criteria to analyze what is likely to happen in the various Asian countries and how rapidly they will recover from the Asian flu.

Canadian Department of Foreign Affairs & International Trade

Check this site at (www.dfait-maeci.gc.ca/menu-e.asp) for information about countries in the Asia Pacific area.

For even more detail, visit the two following sites, both of which are really search engines that will take you to many more sites.

Asia Crisis (http://bh.kyungpook.ac.kr/~khjeong/asiacrisis.html) for a complete and up-to-date search engine of online information for research

Yahoo Full Coverage – Asian Economic Woes

(http://headlines.yahoo.com/full_coverage/world/Asian_Economic_Woes/) for a variety of recent newstories and more links