

C.P. Chandrasekhar, “Finance and Instability in Asia”

Though the process of financial liberalization that began in the southern cone countries of Latin America in the mid-1970s touched Asia with a lag, it has been embraced by most countries in the region over the last three and half decades. As elsewhere this process has involved opening economic borders for the free flow of financial capital from abroad, permitting foreign financial firms the right to establish a commercial presence and providing them national treatment, and reforming regulations to allow greater operational freedoms for all financial firms. As a result, financial structures in the region increasingly resemble those prevailing in the Anglo-Saxon world, with similar markets, institutions, instruments and regulatory framework. The paper will examine four consequences of this. First, the vulnerability of countries to boom-bust cycles in cross-border financial flows that renders them prone to crisis of the kind that the Southeast Asian crisis epitomised. Second, a visible transition away from reliance on tax- and debt-financed public expenditure to debt-financed private expenditure as the principal stimulus to growth. Third, the dilution of the role of the financial sector as an instrument of broad-based and inclusive state-led development. And, finally, the increasing susceptibility of the domestic financial sector to fragility and failure that can take on systemic proportions, as happened in the developed countries in 2008.



Books:

India in an Era of Liberalization, (co-authored with Meenakshi Behara) Euromoney Publications, London, 1988.

Crisis as Conquest: The Southeast Asian Crisis and its Aftermath (co-authored with Jayati Ghosh), Orient Longman, New Delhi, 2001.

The Market that Failed: A Decade of Neo-Liberal Economic Reforms in India (co-authored with Jayati Ghosh), Leftword Books, New Delhi, 2002. Second revised edition 2004.

Promoting ICT for Human Development In Asia 2004: India (with Simran Kumar and Kiran Karnik), NASSCOM and UNDP, New Delhi, 2004.

Promoting ICT for Human Development In Asia: Realizing the Millennium Development Goals, Regional Human Development Report (Principal author), UNDP and Elsevier, New Delhi, 2005.

Tracking the Macroeconomy, 2001-2005, Vol. I – India, (co-authored with Jayati Ghosh), The ICFAI University Press, Hyderabad, 2006.

Tracking the Macroeconomy, 2001-2005, Vol. II – The World Economy, (co-authored with Jayati Ghosh), The ICFAI University Press, Hyderabad, 2006.