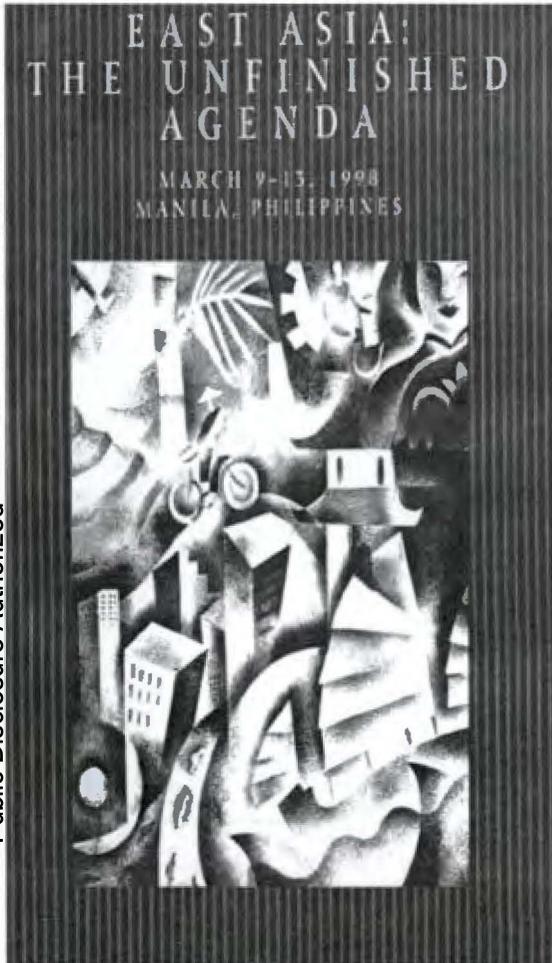


## A D F D I S P A T C H E S

East Asia: The Unfinished Agenda

Tuesday, March 10



## RAMOS CALLS FOR 'CONTINUITY OF REFORMS' AS FIX TO CRISIS

Philippine President Fidel V. Ramos said that while "no one anticipated the crisis in its total proportion," there were "glaring weaknesses" in Asia's financial systems that led to the problems now afflicting the region.

Delivering the keynote address at the opening of the Asia Development Forum, President Ramos slammed "crony capitalism" for having contributed to "questionable government contracts, corruption and cost overruns." These problems, in turn, fed the financial excesses, and the loss of confidence, that led to the contagion of currency crashes throughout once-booming Asian economies.

His own country, he said, was partly "buffered from the storm" that has hit the other Asian countries, thanks to a number of reforms advanced over the past five years. Commenting on the financial sector, he noted that Philippine commercial banks recently showed only 11.6% of their loan portfolio committed to the often risky real estate sector, compared to 94% for the commercial banks of Thailand, which suffered a more severe setback during the recent crisis.

But while urging continuity of reforms, President Ramos warned against overly harsh "conditionalities" from the international institutions. These, he said, could "push already battered economies to the depths of depression." Such a path could ignite a backlash against reforms in the form of "discredited interventionist and protectionist measures." □

## QUOTE OF THE DAY

*"The East Asian miracle was real. Key areas of success are still valid, such as high savings and investment, macro-economic stability, and a high level education. This financial crisis, however, tells that these conditions are not sufficient, but necessary."*

---Joseph Stiglitz, Chief Economist,  
World Bank

## ASIA'S CRISIS POSES SPECIAL RISKS FOR THE REGION'S POOREST

Asia's financial crisis could significantly set back social progress in the region, but it also opens potential to modernize social structures, says Michael Walton,

(Continued on next page)

a senior World Bank poverty specialist.

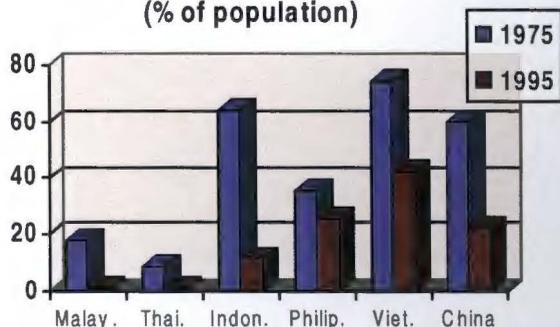
In a paper prepared for the Asia Development Forum (ADF), Mr. Walton says that even if economic declines are moderate, "poverty could increase by a few percentage points in affected countries: a significant setback." He notes that during the last decades of economic success, East Asia achieved "growth with equality," but he warns that if distribution patterns worsen, poverty increases will be magnified.

The poor and workers in the informal sector will be the most affected by job losses, rising prices, and cuts in public services. To help mitigate these hardships, Mr. Walton calls for continued support for small-farm production, inclusive educational policy, and greater transparency to reduce "unfair wealth acquisition."

He stresses that protecting the poor is not only a moral imperative but also a political and economic necessity. "There are risks that the financial crisis will lead to neglect of social issues and that this could exacerbate social conflict, that would in turn make restoration of confidence tougher," says Mr. Walton.

There is "potential," however, for governments to "both protect the vulnerable and move forward on the modernization of social structures that will be central to the future advance of competitive and caring societies in East Asia," he concludes. □

**Poverty in East Asia**  
(% of population)



## VIEWS FROM ADF PARTICIPANTS

### □ *What do you hope to get out of this Conference?*

"To learn from the experiences of other countries, especially in the financial and social sectors."

**Nguyen Xuan Nguyen, Central Institute for Economic Management, Vietnam**

"To gain a new perspective, especially on capital flows."

**Socorro Zingapan, National Economic & Development Authority, Philippines**

"A broader perspective on the East Asian crisis, and to see the causes beyond the domestic issues."

**Dr. Josef Yap, Philippine Institute for Development Studies**

"The forum is a good chance to gather experts in the field during the time of crisis. I expect that suggestion will be made to solve the problems."

**Nattha Komolvadhin, Siam Infotainment, Thailand**

"I hope we can set up a network in development work, a kind of clearing house of information that is self-sustaining."

**Shankar Ghose, National Foundation for India**

*The ADF is organized by the Economic Development Institute of the World Bank and the Asian Development Bank, with support of the National Economic Development Authority of the Government of the Philippines.*