

## PEO Structure

*Grand Ballroom 105, COEX Convention Center, Seoul, Korea*

*16:20-18:00, September 5, 2005*

### OVERVIEW

With financial globalization, we are witnessing more frequent financial crises all over the world: the large-scale bankruptcies of S&L institutions in the United States in the late 1980s; the system-wide downward spiral due to die-hard NPLs (Non Performing Loans) in Japan from 1990 up to now; the cascading defaults of non-financial corporations, commercial banks, and non-bank financial institutions after the 1997 economic crisis in East Asia; and the defaults of sovereign debts in some emerging markets to name a few. Hence, for Asia Pacific, as in other regions, debt workouts have become a serious policy issue.

Debt workouts not only become policy issues themselves, but constrain macroeconomic management in various ways. Deterioration in balance sheets can be found at a variety of levels and sectors, i.e., countries, governments, banks, non-financial corporations, and households. The deterioration in one sector can spill over to others and eventually snowball to encompass an entire economy. It can constrain monetary policy and/or exchange rate adjustment. Or it can constrain counter-cyclical fiscal policy.

This is what actually happened in the Pacific region in the past decades. What can we learn from these experiences? And how may we prepare for potential future troubles? Our focus will be on how these efforts to improve balance sheets of financial and non-financial sectors constrain macroeconomic management, such as monetary and fiscal policies, and how these constraints may be overcome to achieve macroeconomic stability.

### PROGRAM

#### **16:20-18:00    Macroeconomic Management under Debt Workouts in the Pacific Region**

**Chair:** Akira Kohsaka, PEO Structure Coordinator; Professor, Osaka School of International Public Policy, Osaka University

**Presentations:**

*Macroeconomic Management under Debt Workouts in the Pacific Region*

- Park Yung Chul, Professor, Graduate School of International Studies, Seoul National University

*Balance Sheet Distress and Macroeconomic Policy Management: The Case of Thailand*

- Don Nakornthab, Senior Economist, Monetary Policy Group, Bank of Thailand

*Macroeconomic Management under Debt Workouts since 1990: Korea*

- Huh Chan-Guk, Director, Center for Macroeconomic Studies, Korea Economic Research Institute (KERI)

*The Macroeconomic Policy under the Balance-Sheet Adjustments in Japan*

- Toshiki Jinushi, Professor, Graduate School of Economics, Kobe University

**Discussion:**

- Kazuo Ogawa, Professor, Institute for Social and Economic Research, Osaka University