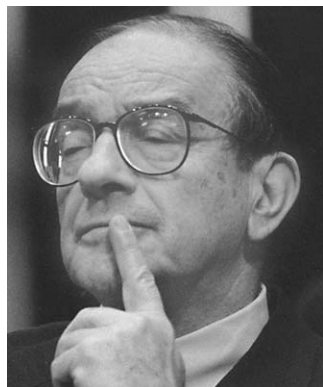


What the 'Brand X' economists are saying

Carlos Rodríguez, Argentina's deputy economics minister, declared on Nov. 13 that "by the middle of next week, the solution to the financial crisis will begin," according to the daily *Clarín*. When asked, "What makes you foresee that that is going to occur?" he answered: "Lunar cycles. I have a friend who, besides being an economist, is interested in the influence of the stars on earthly events. He told me that, according to lunar projections, the solution to the financial crisis will begin the middle of next week."

Alan Greenspan, chairman of the U.S. Federal Reserve, in a speech to the Economic Club of New York on Dec. 2: "The current crisis is likely to accelerate the dismantling in many Asian countries of the remnants of a system with large elements of government-directed investment, in which finance has played a key role in carrying out the state's objectives. . . . Most Asian policymakers, while justly proud of the enormous success of their economies in recent decades, nonetheless have been moving of late toward these more open and flexible economies. Belatedly perhaps, they have perceived the problems to which their systems are prone and recognized the unforgiving nature of the new global market forces. Doubtless, the current crises will hasten that trend. While the adjustments may be difficult for a time, these crises will pass. Stronger individual economies and a more robust and efficient international economic and financial system will surely emerge in their wake."

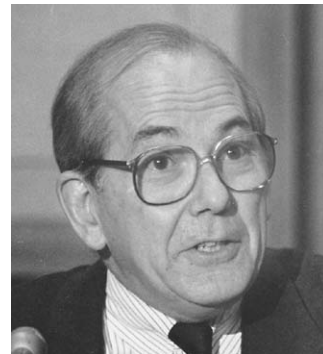


However, on Nov. 16, the *New York Post* had reported that Greenspan himself keeps about \$2 million of his own \$5 million personal wealth, in liquid cash holdings. Commented former Federal Deposit Insurance Corp. Chairman William Seidman: "Greenspan thinks we're heading for a crash. He's putting his money where his mouth is and making a statement about irrational exuberance."

Joseph Stiglitz, World Bank chief economist, issued a statement to Japanese reporters on Dec. 11, saying that the elements that led to the Asian "miracle" still exist; current problems are just the result of weak financial sector supervision, inadequate corporate governance, and a general lack of transparency. "The countries of East Asia are not bank-

rupt," he said. "There has been a loss of confidence. Restoring confidence is as much a matter of social psychology as economic science, as much a matter of perceptions as of realities."

Michel Camdessus, the IMF's managing director, said in Tokyo on Dec. 4: "I am confident that the conjunction of the government effort and of the people in charge of these institutions will make this crisis a short-lasting one, and, . . . provided strong action is given now, [Japan] will recover its normal trend of growth."



Anatoli Chubais, Russia's first deputy premier, at a Dec. 15 press conference: "If we take 1997 as a whole, the corporate securities market in Russia, strange though it may seem, remains one of the most dynamically growing ones in the world. According to our estimates, the average price of shares in 1997 will almost double. Or, perhaps, it will show growth of 90% . . ."

"When, early in December, we adopted the very difficult decision to raise the interest rate on the GKO [state securities] market, . . . the decision was adopted against the background of very grave tendencies not only in Korea, but in all of Southeast Asia and even Japan; we expected most serious consequences on the Russian corporate securities market. We thought that the fall of prices could be a very big one."



"Frankly, the absolutely opposite reaction of the corporate market came as a big surprise to us. We thought that this reaction would change in a day or two. But two weeks have already passed. What does this mean? . . . It is absolutely clear that the Russian corporate securities market is undervalued. Most definitely, it will grow despite the decisions made in early December. Moreover, a number of large mutual funds have decided to redistribute the structure of emerging market portfolios, in Russia's favor. That means that in January, some time after January 15 or 20, such a redistribution in Russia's favor will inevitably take place. And this means that Russia, if it pursues a correct policy, could emerge from the stock market and financial crises in the world with some advantages, as a result of redistribution of the world financial resources. This is what we are aiming for."