

## MASTER'S THESIS

### The onset of the East Asian economic crisis: a real sector approach

Wong, Chun Wa

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**The Onset of the East Asian Economic Crisis:  
A Real Sector Approach**

WONG Chun Wa

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## ABSTRACT

What caused the Asian crisis is of critical importance. In this thesis, we propose that the root of the Asian crisis is excess capital accumulation. The rapid capital accumulation acts as an engine for the economic growth in the Asian countries. Its clear purpose is to boost the economic growth. This thesis attempts to establish the linkage between the capital accumulation and the crisis. We have employed three indicators to reflect the severity of capital accumulation, which include the excess capital accumulation index (ECAI), the incremental capital-output ratio (ICOR) and the healthy growth index (HGI). They all serve to reflect the structural problems and policy distortions of the real sector. Besides, they are all significant in the empirical testing. Furthermore, crises are systematically related to the fundamental weaknesses (productivity) in the real, external and financial sectors of the economy. This thesis is divided into five chapters. Chapter 1 summarizes the debates over the Asian miracle and states objectives of this thesis. Chapter 2 provides some stylized facts among Asian countries. Chapter 3 examines the role of the real sector. Chapter 4 provides a comprehensive empirical investigation on the role of the real sector. Chapter 5 provides a general conclusion of this thesis.

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