

Corporate Governance, Crony Capitalism and Economic Crises: should the US business model replace the Asian way of “doing business”?

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Abstract

This paper considers the Greenspan/Summers/IMF (GSI) argument that the Asian way of doing business was the deep cause of the Asian crisis. The IMF reform programme for the crisis-affected Asian countries suggested they should abandon the Asian business model and adopt the US corporate model. The main findings are: (a) contrary to GSI doctrine, poor corporate governance and lack of competition are not common characteristics of the Asian business model; (b) the stock market-based US business model has severe limitations for developing country corporations, not least because of imperfect share prices and the imperfect market for corporate control.

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