



The Unholy Trinity of Financial Contagion

Graciela L. Kaminsky

Carmen M. Reinhart

Carlos A. Végh

JOURNAL OF ECONOMIC PERSPECTIVES

VOL. 17, NO. 4, FALL 2003

(pp. 51-74)

Download Full Text PDF
(Complimentary)

Article Information

Comments (0)

Abstract

Over the last 20 years, some financial events, such as devaluations or defaults, have triggered an immediate adverse chain reaction in other countries--which we call fast and furious contagion. Yet, on other occasions, similar events have failed to trigger any immediate international reaction. We argue that fast and furious contagion episodes are characterized by "the unholy trinity": (i) they follow a large surge in capital flows; (ii) they come as a surprise; and (iii) they involve a leveraged common creditor. In contrast, when similar events have elicited little international reaction, they were widely anticipated and took place at a time when capital flows had already subsided.

Citation

Kaminsky, Graciela, L., Carmen M. Reinhart, and Carlos A. Végh. 2003. "The Unholy Trinity of Financial Contagion." *Journal of Economic Perspectives*, 17 (4): 51-74.

DOI: 10.1215/089531003772034599

This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept

Choose Format:



JEL Classification

F30 International Finance: General

F34 International Lending and Debt Problems

O19 International Linkages to Development; Role of International Organizations

P33 Socialist Institutions and Their Transitions: International Trade, Finance, Investment, Relations, and Aid

Find us on Facebook and X (formerly Twitter).

 @AEAJournals

 @AEAJournals

 @AEAInformation

 @ASSAMeeting

 @JOE_listings

Copyright 2024 American Economic Association. All rights reserved.

[Terms of Use & Privacy Policy](#)

This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept