



## Journal of Economic Perspectives

ISSN 0895-3309 (Print) | ISSN 1944-7965 (Online)

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# Global Financial Instability: Framework, Events, Issues

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JOURNAL OF ECONOMIC PERSPECTIVES

VOL. 13, NO. 4, FALL 1999

(pp. 3–20)

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### Article Information

#### Abstract

Two of the key questions facing policymakers today are how to reduce the risk of global financial instability and how to cope with it when it occurs. This paper starts by defining financial instability and then showing how it harms economic activity. It then uses this framework to describe what happened during the recent financial crises in Mexico and East Asia. The paper ends by raising several key policy issues; not coincidentally, these issues are addressed in the remaining papers in the symposium.

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Mishkin, Frederic, S. 1999. "Global Financial Instability: Framework, Events, Issues."

*Journal of Economic Perspectives* 13 (4): 3–20.

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