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The Discursive Demolition of the Asian Development Model

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I demonstrate the constitutive effects of discursive strategies and explore the discursive conditions in which changing ideas generate these effects. I perform an extensive analysis of the discursive strategies generated by three key actors in the Asian financial crisis. I argue that all three, U.S. Treasury, the International Monetary Fund, and the Kim Dae-jung South Korean administration, represented key practices associated with the Asian model as "cronyism" and as "corruption," thereby normatively delegitimating these practices, thereby effecting the demise of the Asian model of development in Korea. I argue that these discursive practices generate narrative structures that have a constitutive effect on the subsequent discursive and economic practices of actors. The manner in which the narratives represent "causes" of the crisis constitute and reconstitute the social meanings by which past and current social and economic practices are legitimated or de-legitimated. The structures constituted by these social meanings re-create and reconstitute the present and future conditions for strategic action. I conclude with a demonstration of how these narratives institutionalize the discourses they construct through changes in Korean state and commercial institutions.

The events attending the Asian Financial Crisis of 1997 have generated a burgeoning literature debating the causes of the crisis, the appropriateness of the IMF's response to the crisis, and the design of alternative international financial architectures to avoid a repetition, and rightly so. When large segments of the global economy disintegrate within a few weeks in regions previously sound and stable, these events deserve attention from economists, policymakers, and scholars. The crisis also challenges the viability of the Asian model of development, characterized in part by strong government involvement in industrial development and export promotion. Only a decade ago this model was touted as essential in generating the "East Asian miracle" (Amsden, 1989; Wade, 1990; World Bank, 1991).

This article argues that the Asian development model has been discursively delegitimated in the crisis by the discursive conditions in which changing ideas about the viability of these practices generate their effects. Among the effects of these discursive conditions was the delegitimation and abolition of key Asian model practices and their abolition by IMF mandate and/or statute in South Korea and Thailand, and to a lesser extent in Indonesia. This article will focus on Korea, where subsequent economic restructuring has been most far-reaching.

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Various scholars have noted the central role of the United States in promoting the processes of globalization. In describing the relationship between the neoliberal project of globalization and what he calls the ideology of "globalism," Manfred B. Steger has recently elaborated what he calls the "central tenets" of neoliberalism. These include "the primacy of economic growth; the importance of free trade to stimulate growth; the unrestricted free market; individual choice; the reduction of government regulations; and the advocacy of an evolutionary model of social development anchored in the Western experience and applicable to the entire world" (Steger, 2002:9). Persistent pressure for liberalization of East Asian financial institutions and practices and capital accounts in the years leading up to the crisis had succeeded in providing an East Asian conduit for mobile capital seeking the high returns that could be found there by the early 1990s. Consequently these economies became highly vulnerable to the exchange rate fluctuations that beset them in 1997. The Clinton Treasury under Robert Rubin and Lawrence Summers, respectively, had exhibited a marked tendency to "micromanage" the IMF (*The Economist*, 2002:71). This close management of the IMF is one of the mechanisms by which the globalization is advanced, by forcing further liberalization on countries that are experiencing short-term banking and financial crises through IMF conditionality and discursive practices that delegitimate more heterodox economic practices (see, e.g., Hay, 1999).

While power and interests are important in explaining social outcomes, they "have the effects they do by virtue of the ideas that make them up ... the issue of 'how' ideas matter is not limited to their causal effects" (Wendt, 1999:114). The notion that ideas have causal effects is not a uniquely constructivist position. Neoliberal institutionalists support this contention with their own work (Goldstein and Keohane, 1993). But constructivists argue that ideas play a stronger role in *constituting* power and interests than do material forces. In the pages to follow I support the constructivist contention that ideas also have *constitutive effects* (Adler, 1997; Wendt, 1999:114). Some of these constitutive effects are generated by the discursive construction of subjects, objects, and social and power relations between them (Doty, 1993; Weldes and Saco, 1996). Precisely because discourse "is a social practice through which thoughts and beliefs are themselves constituted" (Weldes and Saco, 1996:371), discursive construction and constitution of subjects/objects, agent/structure, and relations between these is a form of social construction.

Adler (1997, 2002) and Wendt (1998, 1999) have demonstrated that nearly all constructivists agree that ideas and the discourses that transmit them have constitutive effects (in the sense that ideas and discourses constitute agents and objects), even while they may not agree entirely on how ideas and discourse generate these effects. As Nicholas Onuf has observed in a recent volume dedicated to these debates (Fierke and Jørgensen, 2001), there is a split among "constructivists who think that language is indispensable to social construction... [vs.] ... postmodern scholars who think that there is nothing beyond language as a social construction" (Onuf, 2001:246). To date this debate has, in my view, generated more heat than light and I am not persuaded that a recounting of the positions will add much to the current study.[1]

In this article I inquire into the discursive conditions that generated restructuring of the Korean economy in the wake of the Asian Financial Crisis and elaborate their constitutive effects. I argue that three key actors (U.S. Treasury, IMF, and South Korean Government) engaged in discursive practices that generated discursive structures which constituted the identities of the actors and their interests (the "rules of the game" within the drama of regional financial crisis), and

[1] I benefited from discussions in this context with Raymond Duvall, Friedrich Kratochwil, Nicholas Onuf, and an anonymous referee, each of whom have persuaded me that these debates are quite fractious without being as illuminating as we might hope.

allocated social meaning to (or "designated") key practices associated with the Asian development model as "causes" of the crisis. The social meanings embedded within these discursive structures designate the economic practices of various East Asian actors as normatively good (ethical and/or economically competent) or bad (unethical and/or economically incompetent) behavior. Economically competent behavior in this discourse comports with the strictures of neoliberal economics and the Washington consensus basket of policies, and economically incompetent behavior in this discourse does not. Those practices discursively designated as unethical and/or incompetent are designated by the discourse as "causes" of the crisis.

Thus I argue that what these three key actors represented as causes of the crisis with their discursive practices are actually explanations, or narratives, that are embedded within a constitutive framework of discursive practices. *Their discursive practices generate narrative structures that have a constitutive effect on the subsequent discursive and economic practices of these actors. The manner in which the narratives represent "causes" of the crisis constitute and reconstitute the social meanings by which past and current social and economic practices are legitimated or delegitimated. The structures constituted by these social meanings recreate and reconstitute the present and future conditions for strategic action.*

In this context, I argue that three key actors engaged in discursive practices that represented key practices associated with the Asian development model as "crony capitalism" and "corruption" thereby normatively delegitimating the Asian model and normatively privileging market-based processes and outcomes. The Asian development model had been based on high domestic household savings rates, and a number of practices featuring public-private sector cooperation, such as high corporate debt/equity ratios, bank-firm-state collaboration, national industrial strategies, and investment incentives conditional on international competitiveness (Wade and Veneroso, 1998). The discursive conditions of competition among ideas regarding the viability of Asian model social and economic practices made it impossible for South Korea to continue these practices. Key actors in the Asian Financial crisis discursively redefined East Asian states and firms. Prior to the crisis East Asian states and firms were exemplars of the "developmental state" that had generated the "East Asian economic miracle" and had constituted the most promising "emerging markets" in the 1990s.

According to the World Bank, the 23 countries of East Asia had the fastest growth rates in the world between 1965 and 1990, led by the "seemingly miraculous" growth of Hong Kong, Indonesia, Japan, Malaysia, the Republic of Korea, Singapore, Taiwan, and Thailand (World Bank, 1993). East Asia had experienced massive growth for three decades, pulling roughly 400 million people out of poverty through hard work, the establishment of niche markets in the global economy, and high rates of domestic savings that were reinvested in the domestic economy. The South Korean economy grew at an average of 7 percent per year between 1963 and 1997 (Krugman, 1999:24). Per capita GNP grew from a mere $67 in 1953 to almost $8,500 in 1994 (Yoo and Moon, 1999:264). In the three decades between 1960 and 1990 life expectancy in the region increased from 56 years to 71 years, and in the two decades immediately preceding the crisis the number of people living in absolute poverty fell to 350 million from 720 million with the rate of decline accelerating in the last decade, falling to 27 percent from 1885 to 1995 (Stiglitz, 1999:3). Yet during the crisis East Asian states and firms were redefined as "corrupt" practitioners of "crony capitalism" who were suffering the "inevitable" punishment of the hidden hand of the financial markets for their lack of "transparency" and "good governance."

I present an analysis of the discursive practices of three key actors in the process: the U.S. Treasury Department with Robert Rubin and Lawrence Summers consecutively as Treasury Secretary, the International Monetary Fund (IMF) when

Michel Camdessus was Managing Director, and the South Korean government after the transition from the administration of Kim Young-sam to that of Kim Dae-jung who had been elected President in December 1997. While I read literally hundreds of documents in researching this article, space limits the number I can cite to support my arguments. I focus largely on the press releases, speeches, and other public pronouncements by these actors that were released as events unfolded. It is through these public pronouncements that actors created their public discourses and sought to signal the messages of their narratives to other actors, to one another, and to the international financial markets. It is through these very public pronouncements that the discursive strategies deployed within them have their constitutive effects.

Constitutive Effects of Discursive Practices and the Social Construction of Identity

Discursive practices are "social acts enabled by a discourse, through which some relevant aspect of the work is actively defined and constituted" (Weldes and Saco, 1996:374). They have both an intersubjective character and a performative character and are deployed by state officials, and other actors, in respectively interpreting and defining the world around them. Perception of social reality does not come unmediated to the perceiver, but is always represented to the perceiver in part through the discursive practices of other actors (371).

As Jutta Weldes and Diana Saco have observed, discourse is a "structure of meaning-in-use" that is both an intersubjective and a linguistic construct (Weldes and Saco, 1996:373). The intersubjective quality of discursive practices is evident in the fact that *meaning is socially constructed through shared language*. They are linguistic in the sense that language is a symbolic system from which representations of subjects, objects, and relations between these are constructed (373). Language, in this context, is a means of generating subjects, objects, and social worlds (Doty, 1993:302). Subjects are constituted and produced within specific discourses (305). Social forms are produced "by many speakers in agreement" (Onuf, 1989:44). In the empirical (discourse) analysis to follow we will see the replacement of older social forms, such as "developmental states" and "East Asian miracles," with newer social forms, such as "corrupt" practitioners of "crony capitalism," emerging in narratives that emerged from the shared representations of at least three speakers in agreement, namely, U.S. Treasury, IMF, and the Kim Dae-jung administration in South Korea.

Various representations of social reality generated by distinct discursive practices of different social actors compete with one another for dominance. Roxanne Lynn Doty argues that we can determine that a "controlling" or "dominant" discourse has emerged from these competing representations if "the same kinds of subjects, objects and relations are found to exist in different texts" (Doty, 1993:306). A successful demonstration of the constitutive effects of discursive practices in the social construction of meaning will demonstrate how the discourses that become dominant produce or reproduce the *identities* of actors (305).

It is in this sense that discourses are, according to Weldes and Saco, capabilities that people use to construct meaning (1996:372–373). But non-discursive capabilities are relevant as well, as Weldes and Saco demonstrate that asymmetry in material capabilities among actors in the international system generates an "asymmetric capacity to define or be defined" (372). This enables more capable actors to discursively construct identities for less capable social actors. Weldes and Saco illustrate this ably in their empirical case in which the United States defines and redefines Cuba, with significant consequences for U.S. policy toward Cuba. Similarly, Amy Skonieczny has recently illustrated how the forces advocating NAFTA were able to discursively redefine Mexico from an unreliable third world

TABLE 1. Narratives Invoked by Actors and Dominant Narratives

Narrative	*U.S. Treasury*	*IMF*	*Kim Dae-jung Administration*	*Dominant Narrative*
Global Capital Mobility Regime	x			
Transparency	x	x	x	x
Good Governance vs. Crony Capitalism	x	x	x	x
Proximate (Immediate) Causes of Crisis	x	x		
Root (Structural) Causes of Crisis	x	x	x	x
Further Liberalization Required	x	x	x	x
Retribution by Hidden Hand of the Market	x	x	x	x
Language of Inevitability	x		x	
Language of Naturalism / Neutrality	x		x	
Washington Consensus	x	x	x	x
Specters of Apocalyptic Past or Future	x		x	
Denial Syndrome		x		
Disorderly Liberalization		x		
Simultaneous Democratization and Development	x		x	
Language of Imperative			x	
Language of Progress			x	
Language of Mysticism			x	
Contra-Asian Values	x		x	

country to an economic partner of the United States, transforming the NAFTA debate from a dull issue of trade policy to a vital issue of American identity, with the consequence that NAFTA passed Congress and restructured U.S. trade relations in North America (Skonieczny, 2001). Similarly, in the discursive analysis to follow, I will illustrate how U.S. Treasury, IMF, and the incoming Kim Dae-jung administration in the Republic of Korea discursively redefined key practices associated with the Asian development model, thereby normatively delegitimating these practices and impelling Korea's "developmental state" to engage in "structural reform" of economic institutions.

I now turn to the specific representations of actors and their actions, and illustrate how these representations are discursively woven into narratives that generate the discourses and their constitutive effects. Table 1 presents a summary of the narratives invoked by each actor in the discursive analysis that follows. Narratives invoked by all three actors are "dominant" or "controlling" narratives, with the most far-reaching effects on the institutional restructuring of the Korean economy which was implicated by discursive redefinition of the Korean developmental state. I would ask the reader to pay special attention to the manner in which these narrative representations of "causes" of the crisis reconstitute actor identities and construct new social meanings of long-established Asian practices. These new meanings then serve as a structural constraint on action, reconstituting the conditions for strategic action.

Treasury Representations of Proximate and Ultimate Causes

The U.S. Treasury Department's representations of the sources of the Asian Crisis evolved as the crisis unfolded, but remained remarkably true to early representations. U.S. Treasury officials consistently drew upon the themes established in the neoliberal discourse on "the Washington Consensus" (Naim,

2000) in favor of a global capital mobility regime in developing their representations of causes of the crisis. This is illustrated in a speech by Robert Rubin in Seattle in September 1997 as the crisis was unfolding. The capital mobility narrative is packaged neatly in Rubin's assertion that a "broad-based agreement on strong market fundamentals such as open markets, privitization, reduced deficits and the rule of law" (Rubin, 1997) was the key to recovery in the region. Rubin also introduced Treasury narratives on "transparency" as a corrective for the foibles of "crony capitalism." He argued that the affected governments must "strengthen disclosure requirements" and "achieve greater transparency in central bank balance sheets" and "strengthen...domestic financial systems."

Then Deputy Treasury Secretary Lawrence Summers began to develop these discursive themes before the Congress in November. He described Treasury's view of the mix of policy errors and domestic structural institutional incapacities common to affected Asian nations (Weiss, 1999). In future representations Treasury would build upon these early representations and develop them into "root" causes of the crisis.

Summers represented the *proximate* causes of the crisis in terms of an "unsustainable mix of monetary and exchange rate policies" on the part of East Asian governments and "large short-term foreign currency exposure ... backed by unproductive assets" in the private sector, compounded by a "reluctance to reveal the full extent of losses" (Summers, 1997). He represented the ultimate, or "root" causes of the crisis as inadequacies of the domestic institutional structures of the affected East Asian nations. In the public realm Summers referred to an "absence of strong and credible domestic institutions" and "weak [financial sector] supervisory regimes" while the private sector was plagued by "lax lending standards" and "inadequate capitalization" among lending institutions. A U.S. Treasury led, neoliberal narrative on the sins of "crony capitalism" emerged in Summers's prescriptions for prevention of future crises and appropriate domestic policy responses to the present crisis. Asian governments were enjoined to "develop effective and transparent supervisory and regulatory institutions and strong legal and financial structures." He called upon Asian governments to "develop ... checks on imprudent behavior" by ensuring "high levels of transparency and disclosure."

Summers made it clear that Treasury regarded the crisis as a misfortune brought on by Asian misdeeds. They were to absorb the pain of adjustment by "making the macroeconomic policy adjustments needed" thereby restoring confidence in the currency through the standard IMF prescription of orthodox stabilization measures that included slashing government spending, hiking taxes, and raising interest rates. "The primary burden of responsibility," he intoned, "must continue to fall on the countries concerned."

The narrative representation of Asian misdeeds took a much stronger form in a February 1998 speech. Summers represented the "systemic roots" of the Asian Financial Crisis in terms of a discursive attack on the core features of the developmental state (Woo-Cumings, 1999). The attack quickly developed into a narrative on the evils of national industrial policies and crony capitalism. Summers asserted this development model "favored centralized coordination of activity over decentralized market incentives. Governments targeted particular industries, promoted selected exports, and protected domestic industry ... [relied] ... on debt rather than equity, relationship-driven finance not capital markets, and informal rather than formal enforcement mechanisms" (1998a). Summers represented the spectacular successes that Asia had experienced in the realm of economic growth over the past 30 years as due entirely to "strong universal fundamentals" vs. "practices uniquely Asian" that he maligned. This critique of the core features of the Asian development model was repeated the following month (Summers, 1998c). The litany of shorter-term problems that Treasury saw as leading to the crisis represented Asian governments as incompetent to formulate coherent monetary policy, and profligate private sectors as bereft of fiduciary responsibility and in need of structural reform.

Summers followed these representations with a four-point approach to reforming the economies of the region, which he stipulated as macroeconomic, financial sector, and corporate sector reforms as well as "reforms of the role of government." The macroeconomic reforms were to entail "short term adjustments to restore confidence and growth" and "long-term reforms to make the framework for macroeconomic policy more transparent and accountable." Financial sector reforms entail "closure of merger of insolvent financial institutions ... [and] ... a new supervisory and regulatory infrastructure to foster modern credit evaluation and risk management techniques," while corporate sector reforms entail the creation of "bankruptcy regimes ... [and] ... improvements in accounting standards and corporate disclosure ... [featuring] ... generally accepted accounting principles [GAAP]."

Most of these representations *attack the core features of the Asian development model.* Summers rounded out Treasury's four-point program by calling for "a fundamental change in what government is expected to do ... reducing public involvement in the private sector" and to make government "more transparent, less open to corruption." Summers attacked core Asian development model practices such as development of national industrial policies, coupled with government-directed bank lending to strategic business concerns. Moreover, he *rhetorically equated these practices with crony capitalism and corruption* in the same paragraph. He quickly followed this discursive strategy with another that represented the crisis as *retribution by the invisible hand of the market for the sins of crony capitalism and governmental interference in the economy.*

Summers's representations of the proximate causes of the crisis have been echoed by others, and have merit as causal mechanisms for triggering banking and financial crises, though counter-narratives are also available in many instances. These representations were so successful, relative to opposing counter-narratives, that they became dominant, or controlling (Doty, 1993:308), and thus an authoritative guide to policy formation in addressing the effects of the crisis. The narratives they constitute reinforce the authority of the institutions that "carry the meaning of the discourse" (e.g., Doty, 1993; Neumann, 2001; Skonieczny, 2001; Weldes and Saco, 1996). They enable creation of new institutions, and the reconstruction of others.

Treasury Representations of Proximate Causes

Summers's representation of the failure of Asian governments to align monetary policy with exchange rate regimes is a clear reference to the decision of the Thai government to maintain an "inflated" value of the baht by drawing down the foreign exchange reserves to defend its value on international currency markets. Then followed the fateful decision of the Thai government to let the baht float in July 1997, triggering attacks on the baht, and consequently on the Korean won, the Indonesian rupiah, the Malaysian ringgit, and other regional currencies (Krugman, 1999:85–101; Henderson, 1998).

In the capital mobility narrative governments allow the international currency markets to determine the price of their currency. Governments maintain a high value of their currency by exercising tight fiscal and monetary policy. Thus Summers implicitly represents the Asian governments as either irresponsible or incompetent to manage these policies. The reference to "unproductive investment" refers to the construction of unneeded office towers in Bangkok with imported funds. It entails a rebuke to Asian governments for subsidizing highly leveraged

Chaebols in Korea, for example, through government-directed lending by "inadequately independent" domestic commercial banks.

Summers's reference to "substantially reduced competitiveness" was a discursive attack on the legitimacy of core Asian development model practices. He successfully deployed this discursive attack irrespective of the spectacular success of these practices in pulling hundreds of millions of people out of poverty over three decades, with nary a single year's downturn in GDP in many countries in the region (Stiglitz, 2000).

This narrative has been quite successful due to the large debt-to-equity ratios, by Western standards (World Bank, 1999a; Haggard, 2000:151), of Korean conglomerates and their pre-crisis penchant for financing their operating expenses with short-term foreign borrowings. But it has been successful even though the *Chaebols* did not experience any acute debt-servicing difficulties until the international currency markets bid the won down by about 80 percent over roughly three months at the end of 1997, followed by IMF-imposed interest rate increases of roughly 100 percent (Yoo and Moon, 1999:273). As former World Bank Chief Economist Joseph Stiglitz argued, "even a well managed firm could easily go bankrupt" under these conditions (Stiglitz, 1998b). Debt with short-term maturities denominated in dollars, yen, and Deutschmarks suddenly had to be repaid with won that were worth roughly half of the won's value when the debt was acquired.

Counter-Representations of Proximate Causes

Counter-narratives regarding proximate causes of the crisis have been provided by respected, neoclassically trained, mainstream economists, but often *ex post facto*. Paul Krugman and Joseph Stiglitz have both countered Summers's representation of Asian governments as either irresponsible or incompetent. Krugman pointed out that while the Thai central bank finally let the baht float, these governments reasonably expected the price to stabilize at about 15 percent below its previous value at which point Thai goods would again be cost-competitive (Krugman, 1999:93). The subsequent 50 percent devaluation of the baht was not justified by the fundamentals, but the observed contagion effect was because the Thai and other East Asian economies had become vulnerable to "self-fulfilling panics" (98) precisely because they had liberalized their financial markets (101) in response to long-sustained Treasury and IMF liberalization and capital mobility narratives.

Joseph Stiglitz, as Chief Economist of the World Bank as the crisis unfolded, provided an ongoing counter-narrative to the IMF's "cookie-cutter" package of orthodox stabilization measures, all of which are highly deflationary. In an article in *The New Republic* Stiglitz recounts how the IMF failed to respond to the counter-narrative constituted by his arguments.

> ....changing minds at the IMF was virtually impossible. When I talked to senior officials at the IMF—explaining, for instance, how high interest rates might increase bankruptcies making it even harder to restore confidence in East Asia economies—they would at first resist. Then, after failing to come up with an effective counterargument, they would retreat to another response: if I only understood the pressure coming from the IMF board of executive directors—the body, appointed by finance ministers form the advanced industrial countries, that approves the IMF's loans. Their meaning was clear. The board's inclination was to be even more severe; these people were actually a moderating influence. (Stiglitz, 2000: 56–57)

The critical counter-narrative criticizing the IMF conditionality as inappropriate was ineffective even while provided by such stalwart mainstream, neoclassical economists as Martin Feldstein (1998), Paul Krugman, Jeffrey Sachs (Sachs, 1997;

Radelet and Sachs, 1998), and Joseph Stiglitz, whose criticism ultimately cost him his job as Chief Economist at the World Bank.[2] Stiglitz's recounting of their reaction to his variant of the counter-narrative above is telling. But in the same piece Stiglitz tells us something he regards to be true and germane about the structure of identities and interests of the IMF staff, even as he denigrates and attacks this self-ascribed identity in the harshest terms. According to Stiglitz:

> But the older men who staff the fund—and they are overwhelmingly older men—act as if they are shouldering Rudyard Kipling's white man's burden. IMF experts believe they are brighter, more educated, and less politically motivated than the economists in other countries. In fact the economic leaders from those countries are pretty good—in many cases brighter or better educated than the IMF staff, which frequently consists of third-rank students from first-rate universities. (2000:57)

Stiglitz's description of his highly critical view of the social self-identification of the IMF staff is as instructive as it is scathing. In this account the IMF staff see themselves as enlightened technocrats bringing the IMF's considerable resources and neoclassical economics to bear on a developing world darkened by cleavage to benighted practices and flight from the light provided by the strictures of neoliberalism. This structure of identities impels them to press their remedies on the recalcitrant Asians irrespective of opposition that they consequently dismissed as mere politics. The counter-narratives were ineffective either because they surfaced subsequent to the IMF program implementations or because the role played by IMF, buttressed by the support of the G-8 Treasuries, obviated Asian protestations as politically inspired.

Treasury Representations of Ultimate Causes

Treasury Narratives on Liberalization and Capital Mobility

Summers discursively targeted the national industrial policies employed by East Asian nations over several decades for two reasons. First, because they "favored central coordination of activity over decentralized market incentives," they were anathema to neoliberal discourse. Second, because "governments targeted particular industries, promoted selected exports, and protected domestic industry" these practices were inimical to Western business interests. Eradicating these practices had long been central to the U.S. bilateral trade agenda with these nations. In an address in May 1998, Summers admitted that "the IMF and sister World Bank programs, not just in Asia but worldwide, have achieved more liberalization than our bilateral or multilateral negotiation have ever achieved" (1998d).

The significance of this admission should not be underestimated. John Mathews has argued that three agendas were in play when Korea signed agreements with the IMF on 5 December and 24 December 1997. First was the conventional IMF agenda to restore confidence in the Korean currency and economy through the standard package of reduced public sector spending, higher taxes, and tighter credit. The second agenda was "a conspicuous American agenda to open up the Korean economy to foreign investment ... contained in the 'restructuring and reform measures' clauses of the IMF agreement ... not normally the subject of IMF agreements ... [they provide] ... substantial opening of the Korean market to US investors as a *quid pro quo* for the bailout" (Mathews, 1998:752, emphasis added). Finally, the incoming Kim Dae-jung government employed this conditionality to break the power of the *Chaebols* as a step toward economic democratization.

[2] *New York Times*, 2 December 1999, C1.

The structures of identities that underpin the structures of interests pursued by these agendas follow. U.S. Treasury viewed itself as more than a parochial agent of bilateral U.S. foreign policy agendas in Asia. Treasury acted in the role of a "progressive" champion of global financial and trade liberalization. IMF acted in its role of the enlightened technocracy prescribing the needed bitter medicine required to restore wayward East Asian nations to the global financial fold. Kim Dae-jung acted as the great reformer of the South Korean society, economy, and state. In this guise he ran for office.

The structure of identities and interests of all three actors had been constituted by long-standing neoliberal globalization capital mobility and liberalization narratives well prior to the onset of the crisis. Kim's role as domestic reformer was by no means a simple instrumental adoption of these discursive practices. The crisis and attendant IMF conditionality simply helped Kim pursue the policies indicated by the interests previously discursively generated by his reformist identity that had antedated the crisis. This was completely consistent with these long-standing neoliberal narratives, which had clearly arisen exogenously to Korean society.

The significance of the remainder of Treasury's representation of the "root causes" of the crisis can now be better evaluated. Summers complained about "a reliance on debt rather than equity, relationship driven finance not capital markets, and informal rather than formal enforcement mechanisms" (1998c). He argued that the "problems ... are much more microeconomic than macroeconomic, and involve the private sector more and the public sector less." The accounting and disclosure requirements imposed by the IMF were explicitly designed to make it difficult to engage in directed lending to highly leveraged conglomerates that engage in opaque accounting techniques involving cross-divisional payment guarantee systems for raising loans (Mathews, 1999:755).

A counter-narrative severely criticized the IMF for allowing itself to be politicized in imposing conditionality on East Asian nations far exceeding what was actually required to restore confidence in the region's currencies and economies (Feldstein, 1998; Stiglitz, 2000; Sachs, 1997; Radelet and Sachs, 1998; Stiglitz, 1998b; Wade and Veneroso, 1998). A recent report by a group of economists from the U.S., Europe, Asia, and South America charges that "the IMF staff's decision-making is driven by national agendas, specifically those of the principal share holders" (De Gregorio et al., 1999). Conversely, Summers effectively evoked the *languages of universality and inevitability* in asserting that the response of the IMF should reflect the "broad consensus in favor of economics based on markets ... [and that] ... the end goal, of laying the foundations for market led growth, is no longer in question" (1998c). These counter-narratives were unsuccessful as well because Treasury was able to seize the moral high ground in asserting that the conditionality imposed by the IMF programs simply amounted to healthy liberalizing measures whose introduction in Asian economies was long overdue.

Treasury Narratives on "Crony Capitalism" and "Good Governance"

The opprobrium of "corruption" and "crony capitalism" was invoked by Summers as he developed a narrative on "good governance," which may be read as code for Treasury's view of the opposite of corruption and cronyism. He discursively claimed the moral high ground while advocating conditionality that so severely micromanaged the day-to-day dealings of East Asian economies that the IMF program for Indonesia ended up, according to Martin Feldstein, "specifying in minute detail such things as the price of gasoline and the manner of selling plywood" (Feldstein, 1998:24). Summers discursively placed an ethical gloss on the intensely intrusive IMF conditionality in asserting that "greater transparency and accountability of public institutions, the elimination of cartels, subsidies, trade restriction and other distortions ... will have a direct effect on the scope for cronyism and corrupt practices."

The success of the "good governance" narrative is remarkable given the proliferating moves of international financial institutions to impose such conditionality irrespective of its overt subversion of long-standing norms of sovereignty. One ineffectual counter-narrative argued that it is easier for nondemocratic states to implement IMF-imposed austerity measures than for democratic countries to do so. Post-crisis measures taken by Kim Dae-jung's government to repress labor have reversed protections that Korean unions had previously won through the political process. Elimination of these protections was mandated by the IMF as a condition for receiving the IMF bailout in 1997! (Thomas, 2000:554–557). Kim has clearly been quite willing to crack down on strikes deemed "illegal" since taking office.[3]

Treasury applied the neoliberal narrative on transparency throughout Asia. In Tokyo in February 1999 Summers lectured the Japanese on the need to take drastic measures to make the Japanese economy grow faster to provide demand for distressed South East Asian goods. Summers averred that the U.S. enjoyed superior economic performance because of the transparency of U.S. corporate practices subjecting them to market discipline which prevented firms from hiding difficulties with their balance sheets (1999).[4] Implied in this narrative is the *language of the "naturalism" and "neutralism" of the market*, the systematic representation of market processes as natural, neutral, inevitable. In this narrative, the natural, neutral market, *deus ex machina* "disciplines" the profligate, and the corrupt.

In testimony before Congress in May 1998 Robert Rubin employed the narrative that was to frame Treasury's discursive strategy for putting pressure on a recalcitrant Indonesia, and blaming the Indonesian government for Indonesia's continuing economic and social difficulties. This narrative begins by praising Korea and Thailand and holding them up as examples to be emulated, while chiding the Indonesians for dragging their feet on implementing "reforms" that are, according to the narrative, a precondition to economic recovery (Rubin, 1998d).

The Indonesian government's "mishandling of the crisis...led to a loss of confidence in the government by the Indonesian people and the global financial markets ... [and] ... exacerbated the current economic problems and led to political instability." Even as many observers were arguing that the IMF conditions for fiscal outlays and monetary policy were too harsh, turning a temporary problem of liquidity into widespread insolvency, and turning local short-term recessions into a multi-year regional depression, Rubin was quick to blame the continuing economic agony on the slow response of the Indonesians to do what the IMF had required. The IMF program was "a creative response to the coming crisis, not the cause."

Rubin had previously been very anxious to ensure those of his listeners concerned about the misery of the common people of Asia (World Bank, 1999b; Levinsohn, Barry, and Friedman, 1999; Paitoonpoing, 1999; Mukherjee, 1999) in the aftermath of the crisis that neither open capital markets nor the IMF program was to blame. In September 1997 Rubin had argued that "*turbulence*" [*sic*] should not cause Asian states to invoke capital controls or reverse capital account liberalization that was in fact a precondition to their financial vulnerability, but "should lead all of us to recommit to the sound policies that create confidence" (1997). In January 1998 he claimed that the IMF programs "are not austerity

[3] See, for example, Office of the President, Republic of Korea (OPRK), 1998c; *The Economist*, 8 July 2000, 37; and *Far Eastern Economic Review*, 7 December 2000, 16.

[4] The assertion is more than a little embarrassing in light of the wave of accounting scandals that plagued U.S. corporations in the summer of 2002, resulting in a spectacular plunge in Wall Street equities valuations quite reminiscent of the behavior of international capital markets during the Asian crisis.

programs"; that it was the "crisis and the ensuing loss of confidence—not the reform programs ... [that] ... leads to economic hardship" (1998a).

Neither were the IMF programs a bailout of U.S. banks that had made foolish loans to the region, in this representation. Rubin attempted in the early months of the aftermath of the crisis to sidestep the moral hazard issue. In testimony before Congress Rubin admitted, "it's true that as a byproduct of the programs ... some creditors will be protected from the full consequences of their actions" (1998b). But this consequence would have to be tolerated because "any action to force investors and creditors involuntarily to take losses ... could cause banks to pull back from other emerging markets, which could cause serious global economic disruptions" (1998b, 1998d).

These themes were picked up and amplified by Treasury Assistant Secretary Timothy Geithner in testimony before Congress in late February. Geithner told the Joint Economic Committee, "it is the crisis—not the programs—that induces the stress" (1998). There was no alternative to immediate implementation of the IMF programs for countries wishing to recover. "Countries that have ... delayed adjustment and [tried] less comprehensive reforms have ... simply lengthened the crisis and delayed recovery."

Subsequent to Rubin's departure from the government for a position with Citibank, where he was shortly to be joined by one of his former Japanese counterparts,[5] Summers, redeployed this narrative in a speech in Jakarta in a visit designed to pressure the post-Suharto Indonesian government into complying with the IMF program. Summers argued that among the "core lessons" to be learned about post-crisis economic recovery in Asia was that "governments that are able to respond effectively to these problems will be rewarded that much more rapidly" (Summers, 2000).

In this narrative the Indonesians had not slashed their government spending quickly enough and had not jacked up interest rates high enough to halt the slide of the rupiah. While they had removed Suharto, they had not dismantled the system of crony monopolies left over from the Suharto era. Neither Habibe nor Wahid had moved quickly enough to satisfy the markets. Indonesian democracy remained too deficient to inspire confidence in the economy.

In Jakarta in January Summers expressed Treasury's exasperation with the foot-dragging on the part of the Indonesian Bank Restructuring Agency (IBRA) to liquidate insolvent firms and financial institutions and the assets that had backed failed loans. At the time Summers spoke in Jakarta, western capital was in an exceptional position to acquire formerly Indonesian assets at obscenely low prices in real terms. The rupiah had fallen to a low of just over 15 percent of its January 1996 value against the U.S. dollar by early January 1998, and had only recovered to roughly 30 percent of this pre-crisis value by January 2000.[6] Summers displayed some rare sensitivity to Asian sensibilities by recognizing that their "fear of fire sales is understandable," but followed it immediately with a harsh message in the neoliberal *language of inevitability*, arguing that "if you hold firm against low prices today you will face even lower prices tomorrow."

A former Australian ambassador to Indonesia was questioned whether IMF and the Western Treasuries and Finance Ministries directing IMF policy were justified in coupling the economic fix for Indonesia to these "governance" issues. In response he argues that "I think the answer is no. But *at a certain point, that message had probably been pushed to the point where it became so lodged in market perceptions that it became, psychologically, a necessary condition for a restoration of confidence*" (Dalrymple,

[5] Rich Miller and Robert McNatt, "Mr. Yen Joins Mr. Dollar at Citi," *Business Week*, 6 December 1999, Issue 3658, p. 6.

[6] International Monetary Fund, 2000 (see Figure 2.2, Selected Emerging Market Economies: Bilateral U.S. Dollar Exchange Rates, p. 55).

1998:236). It is difficult to argue that U.S. Treasury's emphasis on these "governance" issues in its policy pronouncements and the parroting of these representations in IMF policy pronouncements had no role in generating negative perceptions among market actors.

Treasury Narratives That Invoke the Specter of the Apocalyptic Past and Future

Throughout the crisis and its aftermath, U.S. Treasury officials and others engaged in narratives in which a bleak and desolate portrait is painted of the benighted days before the dominance of neoliberalism. The implicit message is that a departure from those policy prescriptions indicated by the lore of neoliberalism will return us to the depths of the Great Depression and ensuing global war. The *specter of the apocalyptic past* is invoked to frighten the listener away from questioning the discourse of the current political economy. Another narrative line employs the *specter of an apocalyptic future* to explain why the investor side of the moral hazard issue cannot be addressed without similarly dire consequences.

Rubin invoked this narrative frequently to counter criticism that the IMF was bailing out international investors who had made bad bets, while the people of East Asia suffered the consequences. In September 1998 he argued that forcing investors to take losses "could cause banks to pull their money out of the country involved" (1998a). Rubin warned that forced losses for international investors "could cause banks to pull back from other emerging markets, which could cause serious global economic disruptions" (1998b; 1998c). Even more dramatic was the portrait painted by Summers in February. Without the IMF "there would be no conditioned reform ... no international recognized source of apolitical [*sic*!] advice ... further devaluations and ... [lower capacity for Asian nations] ... to purchase our goods ... more pressure for the U.S. to act unilaterally with taxpayer resources" (Summers, 1998d; Geithner, 1998). Summers evoked the specter of both the Great Depression and the depression of the late nineteenth century as the consequences of a world in which "international financial problems do not meet with a cooperative response" (1998b). This was a world "when ... competitive devaluations ... deflation, contracting and widespread depression laid the ground for what was as great a conflict as human history has seen." Without the IMF "we would be dealing with a great deal worse: possible debt moratoria in a number of countries" (1998a).

IMF Representations of Proximate and Ultimate Causes

The International Monetary Fund's representations of proximate and ultimate causes of the Asian Financial Crisis are strikingly similar to those of U.S. Treasury. Significantly, the Treasury narratives on "liberalization" and on "crony capitalism" versus "good governance" appear in some of the earliest pronouncements of the former Managing Director of the IMF, even as the crisis was unfolding. In October 1997 Michel Camdessus emphasized IMF's view, strikingly consistent with that of U.S. Treasury, that the crisis broke in Thailand due to underlying structural weaknesses in the economy and the Thai government's failure to devalue the baht sooner (1997a). These criticisms later evolved into an IMF representation of East Asian "denial syndrome" (Camdessus, 1997c, 1997d, 1999b; Fischer, 1998) of the Thai government, in the face of "clear warnings," as the crisis approached. This rhetoric is consistent with the manner in which we represent the self-delusion of the alcoholic, the drug addict, or the problem gambler, people who continue to feed their addictions irrespective of evidence that is clear to all others but themselves that this behavior has rendered their lives dysfunctional.

Despite evidence (much of it provided by the IMF's own analysis) that East Asian nations suffered the observed vulnerabilities *precisely* because they liberalized their capital accounts too rapidly, Camdessus argued that the lesson "is not about the risks of globalization but ... sound macroeconomic fundamentals that give markets confidence and do not invite *reckless* market behavior ... *transparent* and *market-friendly policies*" (1997a, emphasis added). The discursive strategy here engages several narratives when we consider the binary oppositions that the listener is invited to consider in this single, well-crafted sentence. Consider the binary opposites of the terms I have highlighted from Camdessus's speech. "Irresponsible" / "responsible," "Reckless" / "prudent," "transparent" / "opaque," "market-friendly policies" / "government interference in markets." In this representation, East Asian nations had been punished by "the markets" because their behavior had been "irresponsible," "imprudent," "reckless," and "heedless."

The U.S. Treasury narrative on a global capital mobility regime is also present in Camdessus's representations of what the IMF was doing to help. Camdessus spoke of the need for liberalization measures to be executed in an "orderly" fashion, an allusion to Fund criticism that Asian nations had liberalized controls on short-term foreign bank loans but not loans with longer maturities, giving Asian firms an incentive to borrow abroad at short maturities at lower interest rates than those offered on longer-term loans by domestic banks (Berg, 1999). He spoke of the "agreement [between whom?] that the IMF Articles should be amended to make the liberalization of capital movements one of the purposes of the Fund and to extend the Fund's jurisdiction to capital movements" (Camdessus, 1997a). Few discursive representations of East Asian practices present in the Treasury narratives failed to appear in the IMF narratives. This is particularly true of those narratives that represent key practices of the Asian model of development as "crony capitalism" and thus as corruption, thereby discursively delegitimating an Asian counter-representation that these practices reflected "Asian values."

IMF Representations of Proximate Causes

While traveling in the region in mid-November 1997 as the crisis was deepening, Camdessus paused in Singapore to give a briefing to the press in which he outlined the IMF's early representations of the proximate causes of the crisis. He focused on Thailand where the crisis had begun when the Thai central bank had allowed the baht to float when its reserves were exhausted in July. Camdessus told the international press in Singapore:

> Certainly, the Thai crisis did not strike out of the clear blue sky. ... Macroeconomic indicators pointed to substantial imbalances: substantial real exchange rate appreciation; a marked slowdown in export growth; a persistently large current account deficit financed increasingly by portfolio inflows, including a substantial amount of short-term capital; and rising external debt. These problems, in turn, exposed other weaknesses in the Thai economy, including substantial, unhedged foreign currency–denominated borrowing by the private sector, an inflated domestic property market, and a weak and over-exposed banking system. (1997b)

In retrospect, Camdessus's stipulation of these deteriorating technical indicators are undoubtedly true, and while we cannot easily confirm them, we have no reason to doubt IMF assertions that IMF warned the Thai government of these indicators and recommended a graduated realignment of the exchange rate of the baht against major currencies. The Thai bubble economy had indeed continued to balloon throughout early 1997 with foreign lending thrown into an overheating Thai economy. But what is not mentioned, though it is acknowledged explicitly in later IMF representations, is that "the markets" (i.e., international currency speculators) overshot the devaluation of the baht and consequently generated a "self-fulfilling crisis, in which capital withdrawals by creditors cascade into a financial panic" (Radelet and Sachs, 1998:2).

Note Camdessus's assertion that these weakening technical macroeconomic indicators "exposed" deeper structural problems in the Thai economy. These problems ostensibly justified the horrendous attack on the value of the baht in international currency markets, and the contagion effect. Financial contagion resulted from realization that Thailand's trade competitors in the region would be disadvantaged in competition with Thai exports rendered substantially cheaper by the radical depreciation of the baht. This "market logic" stimulated quite successful attacks on the Korean won, the Indonesian rupiah, and the Malaysian ringgit, and less successful attacks on the Philippine peso and Hong Kong dollar. But the IMF represented the results of these attacks as market "exposure" of underlying structural weaknesses in East Asian economies. In the IMF narrative, these nations are to blame for calling to themselves negative attention. The problems in Thailand "prompted markets to take a closer look at the risks in other countries." But this begs the question of why international investors had been pouring capital into these economies for several years without evident concern about the risks.

Camdessus's representation of pre-crisis Asian nations as heedless drunks-in-denial was extended by Kunio Saito, IMF Director for Asia and the Pacific, in Korea in late January 1998. Saito blithely told his Korean audience that prior to the crisis "east *Asian economies were like a drunk driver.* There were yellow traffic signals, warning of possible danger ahead, but east Asian economies, like a drunk driver, paid no attention to the yellow lights and drove straight into the danger" (1998). East Asian nations were "intoxicated by their own success." Governments failed to take action to address clearly "overheating" economies and "corporate excesses." Saito invoked the neoliberal narrative on the inevitability of retribution by the hidden hand of the market when he complained that "structural reforms were delayed" by Asian governments. "*These problems and the authorities' inaction, including in the area of systemic reform resulted in a loss of confidence in the financial markets*" (emphasis original).

Saito seems to have hoped the IMF would receive credit for actions actually taken by the U.S. Treasury. He notes that toward the end of December 1997 "considerable efforts were made to roll over external short term debts," a move "initially" resisted by "nervous" foreign creditors. This refers quite vaguely to the fact that Robert Rubin had called a meeting on 24 December attended by officers of six U.S. banks with a combined exposure of roughly $100 billion in East Asia, to twist their arms to roll over debts. Apparently no notes were taken at this meeting, to the frustration of members of the U.S. Congress seeking to subpoena such notes and investigate the creditor side of the moral hazard issue implied by the bailout (Chapman, 1998:5). But moral hazard is a problem only among "corrupt" Asians in the Treasury narratives, which the IMF narrative largely mirrors.

IMF Representations of Ultimate Causes

In an early IMF representation of the sources of the crisis, Camdessus mirrors two critical U.S. Treasury narratives on the "root" causes of the crisis, namely, the narratives on "transparency" and "good governance."

> I see two other factors that hastened the *stampede:* one, the *lack of transparency,* and hence the increased uncertainty, about government and central bank operations, about the true state of financial sectors, about the *links between banks, industry, and government* and the impact these links might have on economic policy; and two, the controls—and threat of controls—on market activity. *Given the tendency of financial markets participants to run with the herd, this was a sure-fire way to send the herd scrambling for safer pastures* and set back efforts to restore confidence. (1997d, emphasis added)

While it may appear refreshing to see Camdessus acknowledge a "stampede" and the "herd" behavior of international capital markets, his rhetoric represents this behavior as justified. In this representation, international investors seem suddenly to realize they do not know what is on the balance sheets of the firms and financial institutions in which they have taken substantial positions. It is the lack of transparency in accounting practices, the penchant for cronyism, the imprudent government-directed lending to fiscally unsound firms, and the tendency for political parties to be in bed with financial concerns that impelled investors to withdraw their capital from the region. It is *through joint discursive representation of the core practices of the Asian model of development by U.S. Treasury and the IMF as corruption, among other negative representations, that generated the normative policy environment in which it became impossible for Asian nations to resist IMF-mandated "reforms" of these practices*. These discursive representations had tangible institutional effects, including massive revision of the Thai, and especially the Korean domestic commercial legal codes (Sutham, 1998; Senn, 1998; J. Kim, 2000; H.-J. Kim. 2000).

In Kuala Lampur in December, Camdessus dismissed the charges of the Malaysian prime minister, Mahatir bin Mohammed, that hedge funds were to blame. The Asians were not to complain that their currencies could come under savage attack by mostly Western firms specializing in the arbitrage techniques that demolished so many Asian currencies. In Camdessus's representation "it would be a mistake to blame hedge funds or other market participants ... turbulence [*sic*] in the market is only a symptom of more serious underlying problems" (1997d) in Asian economies. Mahatir was not persuaded, and imposed capital controls in the fall of 1998 to stem the flow of capital from Malaysia. The controls, which were later lifted, had mixed results (Haggard, 2000:73–85). But Malaysia did recover from the crisis more quickly than all other Asian nations aside from Korea.

In an address in Paris in January 1998 Camdessus demonstrated that the evolution of IMF policy to include "transparency" and "good governance" conditionality constituted "norm governed change" in the international system (Ruggie, 1982; Koslowski and Kratochwil, 1994). Camdessus admitted that "as recently as a few years ago, there was little support among our members for the IMF... to become more actively involved in governance issues," but today "government reform has moved to the top of the policy agenda" (1998a). He proceeded, however unintentionally, to make the case that the triumph of neoliberal ideology had changed the terms of discourse. What had changed, he intimated, is "the perception of what constitutes sound economic policy."

Camdessus represented these perceptions as a result of the negative consequences of bad governance on national economic performance. He claimed that "a broader consensus [later characterized as 'universal'] has emerged on the central importance of transparency and good governance in achieving economic success" (1998a). This assertion begs the question of the true breadth of this consensus given that the G-8 countries control nearly half (48.6 percent) of the votes in the institution, with the United States alone controlling over 17 percent (International Monetary Fund, 2001).

Camdessus ignored the fact that Western investors poured money into the region throughout the 1990s irrespective of their prior understandings of the lack of adherence to GAAP of Asian firms and of the tight relationships between Asian governments, banks, political parties and firms, government-directed lending, high corporate debt-to-equity ratios, and national industrial policies oriented toward establishing global niche markets in specific industrial sectors. None of the practices characteristic of the Asian model of development were news to Western investors. Suddenly they had become "governance issues."

As economist Paul Krugman has argued, after the crisis many in the West have constructed a narrative of Asia's crash as "a sort of morality play, in which the economies received their inevitable punishment for the sins of crony capitalism"

(1999:99). Rubin and Summers and U.S. Treasury began this narrative, and Camdessus and IMF continued it, extended it, and lent technocratic props to further legitimate it. But the narrative on "good governance" is problematic on at least two counts. First, while cronyism and corruption were certainly to be found in Asia, Asian firms had operated for decades with cozy relationships with domestic banks and government officials. Krugman points out that these were "decades of spectacular economic growth ... not a pretty system ... but it did function very well for 35 years" (1999:99–100), and he asks why these flaws should suddenly become crucial in 1997? Moreover, if the crisis was a punishment for the sins of the Asian economies, how was it that economies that were by no means equally far down the path of development experience simultaneous (Stiglitz, 1998a) banking and financial crises? Much of the evidence points to a too rapid liberalization of capital accounts, which the IMF represents as a problem of "sequencing." Krugman suggests they had become vulnerable "not because of crony capitalism, or ... bad government policies ... [but] ... partly because they had opened up their financial markets—because they had, in fact, become better free-market economies, not worse" (1999:101).

But in the IMF narrative,

> many of the *problems that lie at the heart of Asia's difficulties are bound up with poor governance*. In Korea ... *opacity had become systemic* ... relationships among governments, corporations, and financial institutions were ... *incestuous* ... [and] ... could only result in ... *disastrous* investment and lending decisions ... *lack of transparency* about government, corporate and financial sector operations *concealed* the extent of Korea's problems ... [thus] ... the collapse of market confidence. (Camdessus, 1998a, emphasis added)

It is never made clear as this narrative develops why East Asian nations enjoyed sufficient confidence of market actors throughout the years before the crisis to attract investments well in excess of the $100 billion that fled the region when the crisis ensued. None of the practices Camdessus characterized as "systemic opacity," or "incestuous" relations among government, finance, and industry were either absent or unknown to investors when external capital, seeking the high rents to be found in Asia, flowed into the region. Both Treasury and IMF narratives would have us believe that massive, rapid, capital outflows from the region were not due to a panicked rush for the exits, induced by a herd mentality resulting from excessive speculation against Asian currencies, but because investors were deceived by Asian "corruption" and "opacity." Else investors "suddenly realized," in these narratives, that opacity and corruption were the order of the day in Asia, thus capital flight became the only prudent course of action.

In a market stampede, the longer one waits to flee the region the less one's assets are worth. For the IMF representation to be persuasive, we would have to see a different pattern when this has happened in the past. Simultaneous financial crises have, however, happened often in the past, with the same pattern of causes and consequences. Joseph Stiglitz demonstrates that in the last 20 years at least 10 countries have suffered from simultaneous onset of currency and banking crises, resulting in GDP contractions of 5 percent to 12 percent for the first year of crisis followed by painfully slow multi-year recoveries. Causes typically include the overshooting of exchange rate adjustments by currency markets, the withdrawal of foreign capital, failure of foreign bank creditors to roll over short-term debts, and internal credit crunches (Stiglitz, 1998a). There is nothing new here. All four of these problems were present in the Asian crisis. Only the last of these could ostensibly be a problem involving decisions made in the affected nations alone.

Instances of tight internal credit in the region were effectively managed until the currency markets attacked regional currencies so severely that typical devaluations left firms that were holding significant levels of short-term foreign debt in the sudden position of illiquidity. This sudden illiquidity was a result of the requirement to pay back these short-term obligations in currencies suddenly radically devalued from speculative overshoots by the currency markets. Analysts as diverse as Martin Feldstein, in *Foreign Affairs* (1998), and Robert Wade and Frank Venerosso, in *New Left Review* (1998), suggest these liquidity problems might still have been managed but for the refusal of foreign lenders to roll over the short-term obligations into longer maturity obligations.

By early February 1998 at the latest Camdessus signaled that he and the IMF clearly understood that the currency markets had radically overshot the exchange rates for regional currencies beyond the levels that economic fundamentals would indicate were appropriate. But he placed the onus for the crisis on the victims. He admitted "in this respect the markets have overreacted. But ... contagion does not strike out of the clear blue sky" (1998b). Camdessus argued that more transparency and surveillance, more flexibility in exchange rates, and further financial liberalization would resolve the problems. He insisted on further liberalization because in this representation Asian economies had only been destabilized by "*disorderly* capital account liberalization."

Subsequent to this early 1998 address, Camdessus would repeat this representation of improper or "disorderly sequencing" of capital account liberalization, rather than the liberalization itself, as a major cause of the turmoil in Asia whenever he raised the issue of Asian vulnerabilities to newly liberalized capital accounts (1998c, 1998d, 1998e, 1998f, 1999a, 1999b). This representation is abetted by the fact that South Korea selectively liberalized its capital account by removing restrictions that encouraged firms to borrow from foreign lenders at short-term maturities, while retaining restrictions at longer maturities thereby "creating distortions through selective liberalization" (Lane et al., 1999:73–74). The sources of South Korea's prolonged trauma are conveniently reduced in this narrative to the unfortunate effects of a technocratic error.

It is now possible to identify two major discursive agendas common to the U.S. Treasury and IMF narratives and point to some effects of these discursive strategies. The first discursive strategy is clearly to uphold, and expand the extant capital mobility regime at all costs in the teeth of its catastrophic effects in Asia. The second discursive strategy involved leveraging the crisis to affect the discursive delegitimation of the Asian development model by equating its key practices with crony capitalism and corruption, and placing all of the blame for the crisis and its contagion effect on these "corrupt" practices. These strategies reflect structures of interests consistent with the structures of identities of these two actors outlined above, and successfully reconstituted the social meanings of key Asian model economic practices, thereby altering the conditions of strategic action for Asian governments.

Korean Government Representations

The crisis broke over the Republic of Korea amidst a presidential election in which the ruling Grand National Party of President Kim Young-sam lost power to the National Congress for New Politics led by Kim Dae-jung. Kim Young-sam's government was forced to appeal to the IMF for a bailout in mid-December 1997. Kim gave a televised address to the nation in which he took full responsibility for the economic turmoil and apologized to the nation in abject terms.[7] The IMF gathered the three major presidential candidates to end the public calls, most notably from Kim Dae-jung, for renegotiation of the terms of the bailout, for fear that international financial markets would continue to punish the won and continue capital flight from rapidly devaluing Korean assets. Consequently Kim Dae-jung, even before his

[7] *Korea Herald*, 12 December 1997.

election as president, backed down from confrontation with the IMF.[8] Upon election on 18 December as President of the Republic of Korea Kim moved rapidly to completely embrace the stringent IMF conditionality, and more (OPRK, 1997).

Well before his inauguration on 25 February 1998, Kim made it clear not only that the new Korean government would not challenge the capital mobility regime, but would extend it by further liberalizing Korean capital accounts. He assured international investors that his government would "create a new environment for foreign investors to invest without fear or reservation ... they will be treated the same as our own people." The neoliberal language of inevitability was deployed by one of Kim's surrogates just before the end of the year in asserting the need for corporate staff reductions. Kim Yong-whan, co-chairman of the interim emergency economic committee, told the public "layoffs are inevitable at ineffective financial organizations, including merchant banks whose operations have been suspended."[9] The same Kim Dae-jung who had campaigned as a friend of labor was making it clear he would toe a strict neoliberal line in complete compliance with IMF strictures.

Kim's inaugural address introduced several narratives that were to become key features of his government's discursive representation of the crisis. It's important to note that with slight variations, Kim mirrors the Treasury and IMF narratives on the root causes of the crisis, namely, the narratives on the importance of transparency and the sins of crony capitalism, whereby the South Korean variant of the Asian development model is explicitly equated with corruption. In his inaugural address Kim argued that the crisis "would not have taken place if the political, economic and financial leaders of this country were not *tainted by a collusive link between politics and business and by government-directed banking practices* and ... large business groups did not have a large number of uncompetitive subsidiaries" (1998a). Here clearly signaled Kim's commitment to dismantle the *Chaebols*.

Narrative on Simultaneous Democratization and Development

Later in his inaugural address Kim develops a narrative that was to become a hallmark of his administration. It became clear as his administration progressed that the ideas that underpin this narrative are core beliefs and core identity commitments for Kim Dae-jung. Kim was not suddenly, instrumentally adopting the neoliberal discourse and its attendant narratives. That discourse had been so pervasive and intrusive prior to his political career that it had *constituted Kim's identity, interests, and practices*. Kim argued that democratization and economic development must emerge simultaneously, and that transparency in political and economic relations develops as a matter of course when these goals are pursued simultaneously. "Participatory democracy must be put into practice ... only then can national administration become transparent and irregularities and corruption disappear." In spite of the problems of simultaneous democratization and development so familiar to students of comparative politics (e.g., Haggard and Kaufman, 1989; Haggard and Moon, 1983; Nelson, 1993; Linz and Stepan, 1996), Kim asserted their inseparability in solidarity with the long-standing neoliberal narrative. "Democracy and the market economy are like two sides of a coin or two wheels of a cart. If they were separated, we could never succeed. Every nation that has simultaneously accepted both democracy and a market economy has been successful."

Kim's identity as a domestic democratic reformer constituted his interest in breaking the power of the *Chaebols*, and the tight links between them and Korean political parties and financial institutions. In Kim's view, "[w]hen democracy and a market economy develop together in harmony, there cannot be collusion between politics and business, government-directed financing and irregularities and

[8] *Korea Herald*, 17 December 1997.
[9] *Korea Herald*, 30 December 1997.

corruption" (1998a). Of course neither can the *Chaebols* control over half of the economy, own much of the land in the country, or otherwise concentrate economic power under the reformed conditions Kim described and aimed to bring about. Kim employed the language of competition and efficiency in justifying *Chaebol* reform. When Kim talks about the inefficiency and noncompetitiveness of the *Chaebols*, it is code for the underlying concern that he shared with a large cross-section of Korean society that the *Chaebols* concentrated too much economic power, with undemocratic consequences.[10]

Korean Representations of Root Causes of the Crisis

While the structure of Kim's identity and interests was very different from that of U.S. Treasury or IMF, it impelled Kim to engage in discursive delegitimation of practices associated with the Asian model of development as well. But the extent to which his representations of the root causes of the crisis mirror those of the U.S. Treasury and IMF narratives is striking. In a press conference on his 100th day in office, Kim simultaneously invoked the narratives of the *specter of the apocalyptic past* and of the sins of crony capitalism in attributing the sources of the crisis to these practices, which he equated with not only corruption, but also antidemocratic authoritarianism. He told the press, "in the past, the Government colluded with businesses and controlled the financial institutions, ruining the national economy. Corruption was deeply rooted ... these evil practices were the result of failing to implement democracy and a market economy in parallel" (1998c).

Kim went further in a commencement address at Stanford University on 13 June. Peddling inexpensive Korean labor and a hyper-liberalized Korean legal structure that would create a haven for investment capital, Kim deployed a narrative on the apocalyptic past that conjured up a truly horrendous apparition before his audience as he recounted the sins of prior administrations. Noting the partnership of venture capital and "creative talents" in Silicon Valley, Kim sadly asserted "such talents do not thrive under authoritarian rule ... [where] ... those in power give special favors and concessions to selected businesses" (1998e).

A thorough devaluation and delegitimation of the Korean past was featured in this narrative. Unreformed development under prior administrations was discursively linked to the practices of fascist Germany and Japan. In this representation, "Germany and Meiji Japan rejected democracy, and only accepted a market economy. The resulting dictatorship and state operated economy ended in a dismal failure."[11]

> The government ... ordered specific companies to invest in specific industries ... ordered banks to extend vast amounts of low-interest loans to companies *colluding* with those in power ... *Chaebols* received various concessions and were guaranteed *monopolistic* profits.
>
> Such a growth model brought *temporary, superficial economic growth* ... [but] ... the *government-led economy* ... weakened growth ... by *distorting* the distribution of resources ... *aggravated* the *imbalances* in the distribution of economic rewards and *strengthened* the *corrupt, collusive links* between politicians and businessmen. (Kim, 1998e, emphasis added)

The neoliberal narratives representing market processes and market outcomes as *natural, neutral,* and *inevitable* pervades these nested representations. The Treasury and IMF representations of the root causes of the crisis are reified in Kim's narrative. This "corruption" and "collusion" generated "monopolistic profits." In

[10] I am grateful to Jung Ha-lyong for useful conversations in this context.

[11] Evidently Kim believes wartime allied carpet-bombing of German and Japanese industrial centers had no economic impact.

Kim's narrative it is not surplus transnational capital that is engaged in rent-seeking behavior, but domestic industrial conglomerates. The three decades of impressive economic growth generated by these practices, creating the eleventh largest economy on the globe prior to the onset of the crisis, are systematically devalued in the narrative. The economic achievements of these decades are represented as "temporary" and "superficial."

But unlike the U.S. Treasury and IMF representations, Kim's representation of the "root causes" of the financial crisis in South Korea largely blurs, or more often omits any representations of proximate causes. The U.S. Treasury and IMF narratives typically acknowledge a series of events involving transnational capital actors and market perceptions of technical indicators as proximate causes of sustained attacks on regional currencies, as well as the associated contagion effects. Kim's narrative is concerned only with "root causes" and these are systematically represented in a fashion consistent with the Treasury and IMF narratives on the importance of "transparency," the evils of government intervention in the economy, and particularly the sins of crony capitalism. Kim's self-identification as a democratic reformer permits him to consistently pose as the cure to the undemocratic virus of cronyism.

Korean Narrative on Crony Capitalism as Root Cause of the Crisis

As Kim and his associates deployed this narrative practices that fall under the rubric of "cronyism," and consequently as "corruption," include any government intervention in economic processes or any relationship between government, the financial sector, or industry transcending short-term contracts governed entirely by market forces. In this narrative "those who *grabbed power* in the past had *collusive* links with businesses, controlled financing and indulged in *corruption and injustice*" (1998f, emphasis added). In November Kim told a meeting of Korean and Chinese businessmen that the root cause of the crisis had been a "*malfunction* of the free market system ... caused by the *collusive link* between government and business, *government control* of the banks and the prevalence of *corruption*" (1998h, emphasis added). In other words, Kim represented all governmental-financial-industrial relations characteristic of Asian model practices as "the problem." And what is the corrective? "*Naturally* ... radical reforms to bring about a *flexible labor market* and *efficient public sector*" (emphasis added). Thus Kim evoked the neoliberal discursive code for union-busting activity and governmental downsizing. This representation of Asian development model practices as corruption was repeated persistently; on the 16th in Kim's address to the APEC Business Summit (1998i), on December 2 before the publishers of Korean Business Newspaper, in May 1999 at Moscow State University (1999b), in June 1999 at the Outlook 2000 Conference (1999b), and again at the APEC CEO Summit in Aukland in September 1999 (1999c).

U.S. Treasury and IMF narratives on the importance of financial transparency are incorporated in Kim's representations on the sins of crony capitalism. This surfaces most effectively when Kim outlines his policy initiatives to accommodate IMF conditionality pertaining to "restructuring" the financial and corporate sectors. In outlining his "five tasks" for restructuring the *Chaebols* Kim implicitly charged them with cronyism. Kim represented these tasks as "improving transparency by issuing consolidated financial statements ... eliminating cross-debt guarantees among subsidiaries ... improving their capital structures ... focusing on core businesses and ... increasing legal accountability of major shareholders and managers" (1998e). Kim prefaced his stipulation of these policy initiatives by assuring his audience that "I will sever *collusive* links between companies and politicians, and *free* banks *from government control*. I will root out *corruption*. And I will drive economic reform with *parallel development of democracy and a free market economy*" (emphasis added). These representations did not vary when Kim and his surrogates were speaking to a domestic Korean audience (OPRK, 1998b).

The Languages of Imperative, Progress, Inevitability, and Mysticism

In many representations of the policy implications of the financial crisis Kim and his surrogates assert an imperative to liberalize or restructure Korean institutions and legal structures to accommodate the dictates of global market forces (OPRK, 1998a). In these representations the reforms are "*a matter of survival* for the corporations and for the country" (Kim, 1999b, emphasis added, 1998c; Kang, 1999). We observe a labored attempt in Kim's rhetoric to depict the reforms in the language of progress. The reforms and neoliberal capitalism are discursively represented in progressive terms and contrasted with a regressive nationalism. Sometimes this language devolved into quasi-mystical terms derived from Kim's adopted Christianity. This appeared as Kim addressed a group of Asian businessmen in Hong Kong in November 1998 and asserted South Korean economy "is being *born again*" into a fair and competitive nation (1998g, emphasis added, 1998i).

This narrative also makes free use of what Louis Pauly has called the "language of inevitability" regarding the processes of neoliberal globalization (1995). In this narrative globalization is represented as inevitable. While inviting his countrymen to embrace a "universal globalism" Kim sternly warned his people "the world has become a single unit, replacing the nation-state. ... Domestic products that are not competitive in the world market must be weeded out."[12] South Korea must be "born again" in a "second nation building" because it "can no longer survive international competition with today's economic system" (1998f). The imperative in this representation derives from the asserted inevitability of the globalization process. In Kim's representation the "WTO system ... is *bound to eliminate economic national borders*.... We have to compete and cooperate with other countries in order to survive..." (emphasis added).

The Korean Counter-Narrative Against "Asian Values"

Kim spoke in similar terms at a dinner hosted by the Mayor of Los Angeles. Kim explicitly challenged assertions of a difference between "Asian values" and Western liberal, "democratic" capitalism. Instead, he asserted that "genuine Asian values do not run counter to democracy, but coincide with it" and proceeded to assert that a student of Confucius named Mencius had generated the Lockean notion of popular sovereignty 2,300 years earlier! (1998d).

Similarly Kim represented Suharto's 21 May 1998 resignation in Indonesia as a "disastrous result of politics which advocates the so-called 'Asian values' that sacrificed democracy to gain economic development" (1998b). In place of the "self-centered" Asian "nationalism" symbolic of "exclusionism and selfishness" Kim was promoting "universal values which will serve as the supports and pillars of 'universal globalism.'"[13] Kim represented these universal values as "freedom, human rights, justice, peace *and efficiency*" (1998b, emphasis added). Here "efficiency" may be read as restructuring of the *Chaebols* to diffuse the concentration of economic power. Kim similarly denounced "Asian values" in his commencement address at Stanford University while simultaneously engaging in the discursive devaluation of the economic accomplishments of the authoritarian Korean past in representing over 30 years of economic growth under previous governments as "short-lived" (1998e).

[12] *The Korea Times*, 5 November 1998.
[13] Ibid.

Institutionalizing Discourse in South Korea

Many legal and institutional changes have resulted from these discursive projects. The institutionalization of discourse may be seen as the ultimate constitutive effects of the discursive reconstitution of actor identities and social meanings of social and economic practices. The South Korean government enacted the legislation required to comply with the required IMF conditionality, and undertook additional liberalizing and restructuring legislative initiatives that went well beyond what the IMF had required. While legislation initiated in response to an IMF mandate may be described within a conventional causal framework, the legislation that transcended the IMF mandates in its intent to transform Korean institutions is a constitutive effect of the discursive practices described above. The institutional fabric of the Korean economy was transformed beyond what the IMF required, but consistent with what U.S. Treasury wanted. This included abolishing fluctuation limits for foreign exchange rates against the won, total liberalization of mergers and acquisitions law and laws pertaining to foreign acquisition of Korean real estate, and removing industrial sectoral restrictions on foreign investment. And these are only the legislative initiatives that Kim could report by the early summer of 1998.

Much of the IMF conditionality pertained to "governance" issues in Korean firms. The Korea-IMF memorandum provides that "transparency of corporate balance sheets (including profit and loss accounts) will be improved by enforcing accounting standards in line with generally accepted accounting practices, including independent external audits, full disclosure, and provision of consolidated statements for business conglomerates" (H.-J. Kim, 2000:69). The memorandum of agreement also attacked two other key practices of the Korean variant of the Asian development model, namely, government-directed lending and the highly financially leveraged nature of Asian firms relative to their Western counterparts. It specified that "the commercial orientation of bank lending will be fully respected and the government will not intervene in bank management and lending decisions" and that the Korean government would develop a plan "to encourage the restructuring of corporate finances, including measures to reduce the high debt-to-equity ratios of corporations" (70).

A number of Korean statutory changes were made to deal with these IMF conditions as well as issues of concern to the U.S. liberalization agenda, and Kim's agenda to reduce the concentration of economic power in Korea as part of his democratization agenda. Most of the problems represented in the Treasury, IMF, and Korean narratives on the "root causes" of the crisis are addressed by these statutory changes.

Most of the statutory initiatives regard changes to the Korean Securities and Exchange Act (KSEA) and the Korean Commercial Code (KCC). They are oriented toward enhancing managerial accountability, holding managers liable for mismanagement or misconduct, and enhancing the status and rights of minority shareholders (H.-J. Kim, 2000:73). Prior to these changes principal shareholders whose share exceeded 5 percent of the outstanding shares controlled all facets of corporate operations, selecting board members based on personal loyalty to principal shareholders, making it impossible for directors and corporate auditors to act independently from principal shareholders (J. Kim, 2000:279–280). This marginalized other shareholders including institutional investors (such as Wall Street mutual fund managers) who were barred from participation irrespective of their shareholdings.

In response to this the IMF had mandated inclusion of outside directors. The Korean government amended the KCC to mandate one outside director for every three officer-directors for listed companies, and amended the Korean stock exchange rule in February 1998 to enable enforcement. Similarly, in the banking sector, the Korean Banking Act (KBA) was amended to mandate that non-office directors must be in the majority in the board room (H.-J. Kim, 2000:74).

The issue of accountability (especially of *Chaebol* directors) was dealt with to eradicate the previous practice by which Chairmen, who were principal shareholders, would register as directors only in the primary corporations of the conglomerate, minimizing their legal responsibility, while cross-ownership among Chairmen helped to hold companies within the conglomerate (J. Kim, 2000:284–287). The new KCC also generates legal liability for others who employ their influence on directors (289).

The KCC reforms auditing practices, guaranteeing auditors an opportunity to inform shareholders of circumstances surrounding auditor termination from employment by the firm, allotting them the right to convene a shareholders' meeting at their discretion, extending their term of office from two to three years to match the term length of directors, and barring individuals from being auditors of parent companies and directors of subsidiary companies simultaneously. The rights of (nonemployee) shareholders are strengthened in the KCC in a number of ways by decreasing the minimum shareholding standards to be accorded a number of rights, and establishing a proxy vote where previously a shareholder was required to attend the shareholders' meeting to vote their shares (J. Kim, 2000:293).

The new KSEA completely liberalized mergers and acquisitions law and made it possible for "direct hostile acquisition of Korean firms by foreign investors" through tender offers (H.-J. Kim, 2000:78–79), which applies to not only the industrial sector but the financial sector as well. This was accomplished by further amending the December 1996 Law for Structural Improvement of the Financial Industry, also in response to the amended Korea-IMF memoranda which not only mandated lifting ownership ceilings on bank shares and restrictions on foreign acquisition of a controlling interest in Korean banks, but also financial sector restructuring, which "*could* involve ... mergers and acquisitions by domestic and foreign institutions" (84).

It is difficult to see how Kim's domestic democratization agenda is served by foreign acquisition or control of Korean banks, though it is easy to see how U.S. Treasury's agenda is advanced by this move. This, and other liberalizing measures that were not mandated by the IMF (or by U.S. Treasury through the IMF), appear to be an abject bow to the growing authority of market forces and the expanding capital mobility regime. Ironically, in spite of the fact that Western capital actors are the overwhelming beneficiaries of these measures, the IMF memorandum specifies the moral hazard of *Korean* borrowers as their target. In the industrial sector, the KCC was similarly modified to relax voting procedures regarding M&A issues (J. Kim, 2000).

The Basic Labor Law was amended to comply with IMF conditionality to improve "labor market flexibility." Concessions that had been won through the political process by Korean labor unions were mandated out of existence by the IMF. The new law permits companies to lay off workers "when they face an 'emergency' situation ... [or] ... sale of business or mergers to avoid financial trouble" (H.-J. Kim, 2000:80) or essentially at will. The Basle Accord standards were mandated by statute "as a prudential measure to ensure capital adequacy of Korean banks." These specify what the capital banks should have on hand to cover nonperforming loans, and are quite conservative relative to prior Korean banking operations. Legal scholar Hwa-jin Kim has observed that "the normative power of the BIS rules has become tremendous in the Korean financial community since the recent involvement of international lending agencies" (86). So much so that "Korean commercial banks ... have become so sensitive to the BIS standards that they almost blindly called in outstanding loans to borrowers, which has resulted in sudden bankruptcies of affected firms" (87).

Conclusion

It is through these statutory changes and their attendant institutional effects that the discourses I have analyzed in this article have been institutionalized. I do *not* argue that these institutional effects are the effects of discourse alone. IMF conditionality and access to tranched credit provide the impetus for many of the statutory changes. But I do argue that the successful discursive attacks on Asian model practices coupled with the severe economic effects of the crisis generated a normative environment for policy formation that severely constrained resistance to the radical restructuring of the institutional and legal framework of the Korean economy than would otherwise have been expected. Defense of these practices became untenable when these practices had been successfully discursively reconstructed as corruption, while a move to market-based outcomes and decision-making had been successfully discursively reconstructed as ethical and authoritative. The major mechanism by which ideas are transmitted into the policy arena is through discourse, or arguments. In this context, discourse is high politics. If actors did not expect discursive practices to generate these constitutive effects, it is difficult to explain why they labor so diligently on the construction of representations and narratives of the form I have just analyzed to construct and reconstruct the social meanings of the policy preferences of other actors, thereby reconstituting the normatively legitimate parameters of state policy, altering the conditions of strategic action for these actors.

This labor was rewarded for U.S. Treasury, the IMF, and the Kim Dae-jung government in Korea. Each of these actors generated a discursive representation of key practices associated with the Asian development model as cronyism and corruption and thereby normatively delegitimated these practices. Each engaged in these discursive representations in response to a co-constituted structure of identities and interests generated by the encroaching, pervasive, meta-narrative of disciplinary neoliberalism. For U.S. Treasury, the normative delegitimation of Asian model practices bolstered the capital mobility regime by delegitimating challenges to it, and generated pressure for liberalization of Asian markets for the benefit of Western firms in general and U.S. firms in particular. It signaled to the financial markets the legitimacy of their practices, their authoritative status as policy determiners in the global economy, and that they could (and should) continue to punish regional states that did not quickly move to dismantle Asian model practices.

For the IMF the normative delegitimation of Asian model practices enhanced its identity as technocratic shepherd of the wayward, and its claims that it needed access to stronger surveillance mechanisms—such as the Special Data Dissemination Standards (SDDS), extended facilities for lending, and enhanced recapitalization of the Fund—so that greater lending could be effected in the future, enhancing the global reach and "neo-civilizing mission" of the Fund, and deflecting criticism of the Fund's crisis response.

For the Kim Dae-jung administration, the normative delegitimation of Asian model practices reinforced Kim's identity as reformer and democratizer, and provided a useful normative policy environment for reducing the concentration of economic power in the South Korean economy. The utility of the same narratives for reconstituting the identities and interests of the finance ministry of the world's largest state, for an international organization, and for a democratic reform-minded head of state of a newly industrialized country, confirms the burgeoning potency of the neoliberal globalization discourse, and the emerging authority of the global markets that are the principal institutionalizations of this discourse.

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