

pillars of the ASEAN way: non-interference in the domestic affairs of its member states. If ASEAN is to play an effective leadership role in resolving regional security issues, averting future financial crises, or brokering relations between the region and the West, such compromise may be unavoidable.

Management Responses

In light of the Asian crisis, some Canadian banks and financial institutions may shift their attention (i.e., human and financial capital) away from their international operations and focus on domestic opportunities instead. Aside from leaving these institutions ill-equipped to identify opportunities in the wake of the crisis, this adjustment in priorities will affect their capacity to analyse the full impact of the crisis on the Canadian economy. Furthermore, it may hamper their ability to see the subsequent impact the crisis may have on countries like Brazil and, in particular, Russia --- two countries that some expect will experience similar difficulties in the near future.

Transparency

One of the expected outcomes of the Asian crisis is increased transparency in those countries that have been subject to IMF restructuring. The question remains, however, how long this renaissance will last as some participants suggested that it may be for a limited time only. The governments concerned may only meet the IMF's demands for transparency until the crisis is over, after which they will return to 'business as usual'.

Moral Hazard

While the issue of moral hazard was raised by some participants, no consensus emerged as to whether or not this was a significant concern. While some cited the apparent failure of banking and financial executives to undertake thorough risk assessment, others wondered if the banks and financial institutions that made imprudent lending decisions through the late 1980s/early 1990s were bearing their share of the responsibility.

Implications for Canadian Foreign Policy

The social impacts of the crisis, including a possible rise in poverty, rural-urban migration, widespread displacement of workers, persecution of minorities, and the use of violence by authorities, will be watched closely by NGOs. They will put considerable pressure on the Canadian government to respond and could, in this way, colour Canada's overall foreign policy stance towards Asia. Asian leaders, for their part, will be preoccupied with the crisis for the foreseeable future and will be inclined to give Canada, a middle power with an almost insignificant presence in the region, less attention in foreign and economic policy matters. Canada will have to work harder to be seen and heard in Asia.

Backlash against the West

A prolonged crisis will lend support to the as-yet small constituency that is portraying the economic downturn as a western conspiracy of some sort. Populist politicians and their followers will lash out at the IMF and will strongly oppose foreign companies attempting to buy up devalued domestic assets. Yet, the role of the IMF as a whipping boy for domestic political purposes is well known and perhaps even one that the Fund grudgingly plays along with. Domestic politics will generate opposition to further trade liberalisation on the grounds of protecting local companies still reeling from the financial