

**VOLUME / UITGAWE 68**

No. 1, March 2000

Nr. 1, Maart 2000

**INTERNATIONAL CAPITAL MARKET CRISES  
AND FINANCIAL POLICY RESPONSES**

CHARLES C. OKEAHALAM

The recent economic and social turmoils in South-East Asia, Russia, and Brazil have been caused by and are most vividly illustrated by a significant down turn in capital asset and current market and financial policy. Furthermore given the extent of globalisation and the breadth and depth of international capital markets, it would appear, on first blush, that countries can no longer easily immunize themselves from imported capital market and exchange rate risk. This paper uses the principle of information asymmetry to discuss the causes of capital market crises and some central bank strategies for containing the adverse impacts of such events.