

1. Record Nr.	UNINA9910810750603321
Autore	Rochon Celine
Titolo	Can Good Events Lead to Bad Outcomes? Endogenous Banking Crises and Fiscal Policy Responses // Celine Rochon, Andrew Feltenstein
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2006
ISBN	1-4623-9822-7 1-4527-2793-7 1-283-51535-0 1-4519-0976-4 9786613827807
Edizione	[1st ed.]
Descrizione fisica	1 online resource (27 p.)
Collana	IMF Working Papers
Altri autori (Persone)	FeltensteinAndrew
Soggetti	Bank failures Fiscal policy Banks and Banking Budgeting Exports and Imports Public Finance Industries: Financial Services International Investment Long-term Capital Movements Banks Depository Institutions Micro Finance Institutions Mortgages National Budget Budget Systems Debt Debt Management Sovereign Debt Financial Institutions and Services: General Finance Banking Budgeting & financial management Public finance & taxation Foreign direct investment Budget planning and preparation Government debt management

Distressed institutions
Investments, Foreign
Banks and banking
Budget
Debts, Public
Financial services industry
China, People's Republic of

Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	"November 2006".
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	""Contents""; ""I. INTRODUCTION""; ""II. THE MODEL""; ""III. CALIBRATION AND SIMULATIONS""; ""IV. POLICY""; ""V. CONCLUSION""; ""REFERENCES""
Sommario/riassunto	In this paper, we study the impact of labor market restructuring and foreign direct investment on the banking sector, using a dynamic general equilibrium model with a financial sector. Numerical simulations are performed using stylized Chinese data, and banks failures are generated through increases in the growth rate of the labor force, a revaluation of the exchange rate or an increase in debt issue to finance the government deficit, as compared to a benchmark scenario in which banks remain solvent. Thus bank failures can result from what might seem to be either beneficial economic trends, or correct monetary and fiscal policies. We introduce fiscal policies that modify relative factor prices by lowering the capital tax rate and increasing the tax rate on labor. Such policies can prevent banking failures by raising the return to capital. It is shown that such fiscal policies are, in the short run, welfare reducing.