Contents

Acknowledgments xi

Introduction 1
Takatoshi Ito and Andrew K. Rose

I. THE EVOLVING NATURE OF REGIONAL STOCK MARKETS

1. Hong Kong and Shanghai: Yesterday, Today, and Tomorrow 13
   Robert N. McCauley and Eric Chan
   Comment: David Cook
   Comment: Peter Nicholas Kriz

2. Listing Policy and Development of the Tokyo Stock Exchange in the Prewar Period 51
   Yasushi Hamao, Takeo Hoshi, and Tetsuji Okazaki
   Comment: Youngjae Lim
   Comment: Masaya Sakuragawa

II. CONSEQUENCES OF FINANCIAL DEVELOPMENT

3. Misaligned Incentives and Mortgage Lending in Asia 95
   Richard Green, Roberto S. Mariano, Andrey Pavlov, and Susan Wachter
   Comment: Michael Davies
   Comment: Mario B. Lamberte
4. East Asia and Global Imbalances: Saving, Investment, and Financial Development
Hiro Ito and Menzie Chinn
Comment: Edwin Lai
Comment: Edward Robinson and Liew Yin Sze

5. Consumer Credit Market in Korea since the Economic Crisis
Chang-Gyun Park
Comment: Winston T. H. Koh

III. FINANCIAL CONSOLIDATION

6. The Determinants of Cross-Border Merger and Acquisition Activity in the Financial Sector in Asia: Did the Asian Financial Crisis Change Them?
Chung-Hua Shen and Mei-Rong Lin
Comment: Mario B. Lamberte
Comment: Wimboh Santoso

7. Merger Activities and Stock Market Valuation in China
Ho-Mou Wu
Comment: Kaoru Hosono
Comment: Julian Wright

8. Consolidation of Banks in Japan: Causes and Consequences
Kaoru Hosono, Koji Sakai, and Kotaro Tsuru
Comment: Hiro Ito
Comment: Barry Williams

IV. REFORM AND DYNAMISM

9. Did the Japanese Stock Market Appropriately Price the Takenaka Financial Reform?
Masaya Sakuragawa and Yoshitsugu Watanabe
Comment: Takatoshi Ito
Comment: Randall Morck
10. Big Business Stability and Social Welfare 349
Kathy Fogel, Randall Morck, and
Bernard Yeung
Comment: Partha Chatterjee
Comment: Pushan Dutt

Contributors 377
Author Index 381
Subject Index 385