

Executive Talk on Economic & Financial Issues

Date : 30th January 2008

Venue : Bukit Kiara Equestrian & Country Resort

Featured Topic :

The U.S. Subprime Mortgage Crisis – Causes And Consequences

“OLD WINE IN NEW BOTTLE”

By: Dr Michael Lim Mah Hui



“Accident waiting to happen” – This was how Alan Greenspan was reported by Wall Street Journal to have described the U.S. subprime mortgage crisis. In any case, the party is over. The U.S. and the world are now experiencing its aftermath. Just how bad it will affect the real economy is still not clear. Already there are talks that the U.S. is heading towards recession. The global credit crunch has erupted. Tens of billions of U.S. dollar losses have been reported by major banks hit by the crisis. One simple question that is not easily answered is – how possibly could this have happened? Find this out and more from the presentation by Dr Lim.

We welcome participation from bankers, analysts, economists, fund managers, investors, CEOs, directors, CFOs, accountants, corporate planners and advisers, policies makers, regulators, credit managers, entrepreneurs, housing developers & contractors, economic & finance lecturers and students, writers and anyone who is interested in the subject.

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Abstract on the U.S. Subprime Mortgage Crisis

The honorable speaker, Dr. Michael Lim Mah Hui has written a paper on this issue called - "Old Wine in New Bottle" – The U.S. Subprime Mortgage Crisis – Causes And Consequences. In this executive talk, he will share with us his in-depth analysis of the issue. His paper explores the causes and consequences of the U.S. subprime mortgage crisis and how this has led to a generalized credit crunch in other financial sectors that ultimately affects the real economy. It postulates that despite the recent financial innovations, the financial strategies – leveraging and funding mismatch – that led to the present crisis are similar to those found in the U.S. savings and loans debacle of the late 80s and in the Asian financial crisis of the late 90s. They are as the title implies: Old Wine In New Bottle. Going beyond these financial practices, the underlying structural causes of the crisis are located in the loose monetary policies of central banks, deregulation, and excess liquidity in the financial markets that is a consequence of the kind of economic growth that produces various imbalances – trade imbalance, financial sector imbalance, and wealth and income imbalance. The consequences on risks, moral hazards, and rolling bubbles are also discussed.

The talk will cover the following 4 parts:

- i) overview of the subprime mortgage crisis
- ii) what caused the housing bubble
- iii) the financial imbalance
- iv) the consequences and what lies ahead

Don't miss this opportunity to get some insights on the current economic and financial crisis and how this affects the U.S. and world economy in 2008. Will 2008 be a year with many twists and turns? Your participation in the Open Forum will be welcome.

Profile of Panel Members

Dr. Yeah Kim Leng

Dr. Yeah is a Vice President of the Malaysian Economic Association for the 2006-08 term. He is also the Group Chief Economist of RAM Holdings Berhad. During the first 6 years with RAM since 1994, he led the research department in producing macroeconomic outlook, industry studies and bond market research publications. In May 2000 he was appointed to helm RAM Consultancy Services Sdn Bhd, a wholly owned subsidiary of RAM. He was involved in various economics consultancy services and research projects that spanned both the public and private sectors. These include regional and national economic studies, sectoral and industry research projects, and strategic advisory services for several large Malaysian corporations. In March 2007, following the restructuring of the rating agency, he was appointed to his current position.

He received a Ph.D. in Agricultural and Resource Economics (1992) specialising in development economics, and a Master of Business Administration (1988) from the University of Hawaii, both obtained under the East-West Centre degree-participant programme. Dr. Yeah is a familiar face in local media when it comes to economic views.

Dr. Michael Lim Mah Hui

Dr. Michael Lim Mah Hui is a Senior Fellow with the Asian Public Intellectuals Program of the Nippon Foundation. He is currently doing research on financial and banking issues in Asia.

Dr. Lim has been an investment, commercial and development banker for over twenty years, having worked in banks like Chemical Bank (now J.P. Morgan Chase) in New York, Credit Suisse First Boston in Singapore and Hong Kong, Deutsche Bank in Singapore and Jakarta, Standard Chartered Bank in Jakarta, and Asian Development Bank in Manila. His areas of expertise include commercial lending, investment banking and global markets credit risks management, and debt restructuring. He was responsible for debt restructuring in Deutsche Bank, Standard Chartered Bank and ADB during the last Asian financial crisis.

Prior to joining the financial industry, Dr. Lim taught political economy and sociology in various U.S. universities and also in the University of Malaya. He has a Ph.D. in Development Studies, M.A. in Sociology and B.A. (Hons) in Economics. He also worked as a consultant to the ESCAP (Economic and Social Commission for Asian and Pacific), United Nations in Bangkok.

*Dr. Lim has published 3 books and many articles including *Ownership and Control of the 100 Largest Corporations in Malaysia* and most recently, an article on the subprime crisis in the *Philippines Inquirer*, November 18, 2007, the country's largest circulation newspaper. He can be reached at limmahhui@gmail.com*

Time (pm) Programme Outline

3.00	Registration and Welcoming Tea & Snacks
3.30	Welcome Address and Introduction Dr. Yeah Kim Leng Vice President of Persatuan Ekonomi Malaysia and Group Chief Economist of RAM Holdings Berhad
3.45	OLD WINE IN NEW BOTTLE: The U.S. Subprime Mortgage Crisis – Causes and Consequences Dr. Michael Lim Mah Hui Senior Fellow, Asian Public Intellectuals Program of Nippon Foundation
4.45	Open Forum
5.30	End

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The U. S. Subprime Mortgage Crisis

Date : 30 January 2008

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