

THE TALE OF THE TWIN DEFICITS NEXUS: AN ALTERNATIVE PROCEDURE

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ABSTRACT

An insight of the particular story of twin deficits nexus among the four ASEAN economies are presented in this paper. The mixture of empirical results detected in this study spanning from Keynesian proposition (the Philippines), current account targeting in Indonesia and Thailand while a bi-directional causality for Malaysia. Disparities among these countries empirical regularities suggest that the reformation of a policy (or experience) of another country is not applicable in other country. Different scenario in a country brings out different policy tools. Practically the real solution in reforming the appropriate policies lies on the coherent package of budget cut with some complementary policies such like productivity improvement, monetary and exchange rate.