

Evaluation of Financial Liberalization Policy in Chile and Indonesia: A comparative study

Nawal Bouchentouf

TLEMCEN University, Algeria
bouchentouffi@gmail.com

Taieb Fettane

TLEMCEN University, Algeria
fettane26@hotmail.com

Abstract:

This paper aims to present experience of Chile and Indonesia in implementing financial liberalization policy that formed a global economic trend in order to promote economic growth, These two countries differed in how to liberalize their financial sectors, Chile followed the Shock Treatment model while Indonesia gradually applied the liberalization policy; this study found that Shock Treatment model caused financial crises in Chile for many reasons one of them failure to provide an institutional framework with fluctuation of macroeconomic variables this was sufficient to reduce the role of financial liberalization in achieving economic growth while Indonesia success in applying liberation policy. The study recommended that the success of financial liberalization policy in developing countries depends largely on enhancing the level of financial development, achieve economic and political stability and increase the efficiency of financial markets.

Keywords: Financial liberalization, economic growth, economic stability

JEL Codes: G0, G19