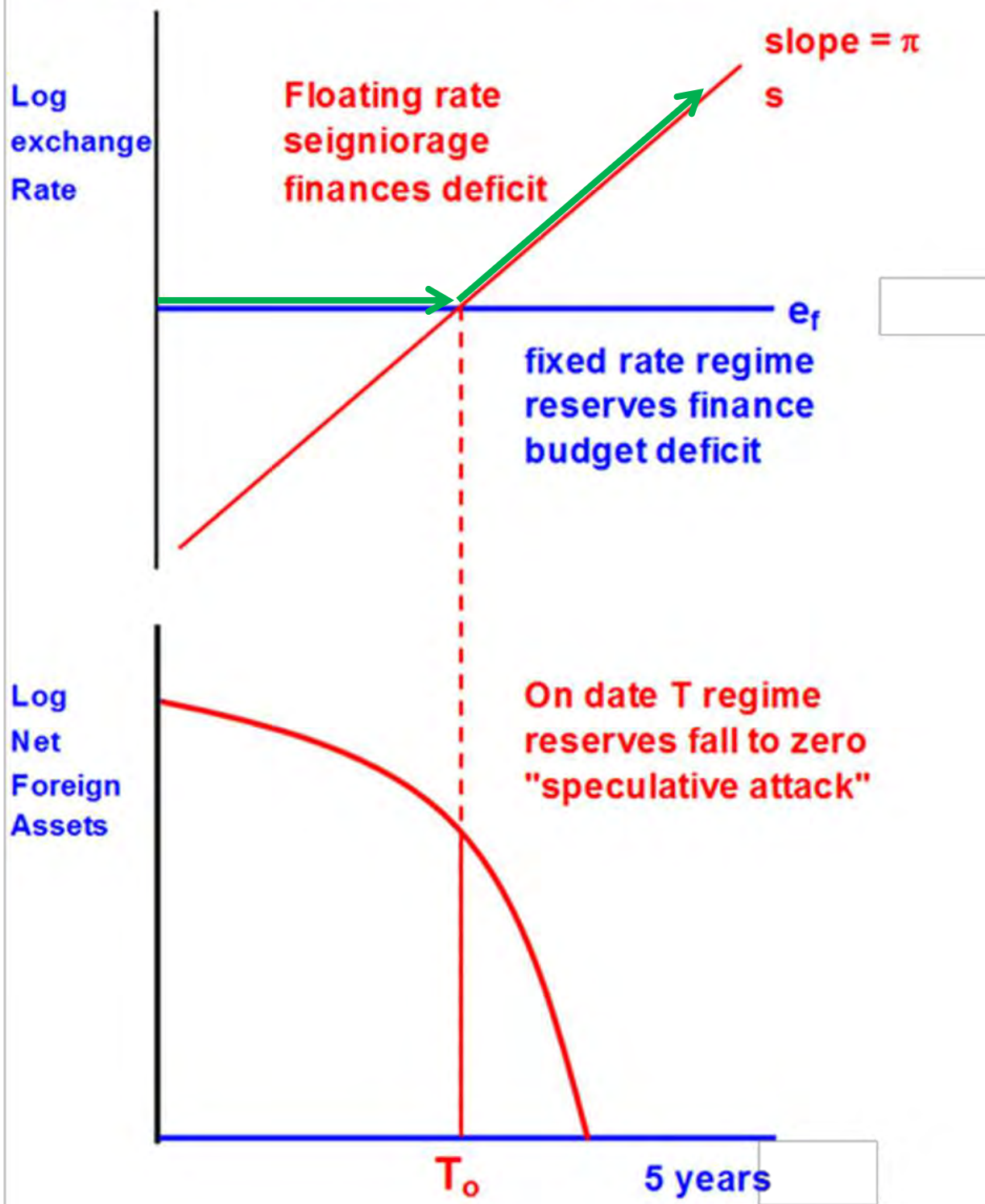


Figure 1: Basic Generation 1 speculative attack



Short-term Capital Inflows (bank liabilities)
Reduce net foreign assets and hasten T -date
of exchange rate regime switch.