# Contents

## Acknowledgments

ix

## Introduction

1

Sebastian Edwards

I. CAPITAL CONTROLS IN THE EMERGING COUNTRIES: ANALYTICAL ISSUES AND CROSS-COUNTRY EVIDENCE

   Laura Alfaro, Sebnem Kalemli-Ozcan and Vadym Volosovych
   Comment: Gerd Hausler
   19

2. Capital Controls, Sudden Stops, and Current Account Reversals
   Sebastian Edwards
   Comment: Alan M. Taylor
   73

3. Currency Mismatches, Debt Intolerance, and Original Sin: Why They Are Not the Same and Why It Matters
   Barry Eichengreen, Ricardo Hausmann, and Ugo Panizza
   Comment: Joshua Aizenman
   121

4. The Microeconomic Evidence on Capital Controls: No Free Lunch
   Kristin J. Forbes
   Comment: Charles W. Calomiris
   171
5. The International Exposure of U.S. Banks: Europe and Latin America Compared
   Linda S. Goldberg
   Comment: Matias Braun

II. COUNTRY STUDIES

6. International Borrowing, Capital Controls, and the Exchange Rate: Lessons from Chile
   Kevin Cowan and Jose De Gregorio

7. International Borrowing and Macroeconomic Performance in Argentina
   Kathryn M. E. Dominguez and Linda L. Tesar
   Comment: Nicolas Magud

8. Capital Flows and Controls in Brazil: What Have We Learned?
   Ilan Goldfajn and Andre Minella

9. The Chinese Approach to Capital Inflows: Patterns and Possible Explanations
   Eswar Prasad and Shang-Jin Wei

10. South Korea's Experience with International Capital Flows
    Marcus Noland
    Comment: Gita Gopinath

11. Malaysian Capital Controls: Macroeconomics and Institutions
    Simon Johnson, Kalpana Kochhar, Todd Mitton, and Natalia Tamirisa
    Comment: Peter Blair Henry

    Basant K. Kapur
    Comment: Anusha Chari

13. India's Experience with Capital Flows: The Elusive Quest for a Sustainable Current Account Deficit
    Ajay Shah and Ila Patnaik

14. Capital Controls: An Evaluation
    Nicolas Magud and Carmen M. Reinhart

Contributors
Author Index
Subject Index