Third World Network

Capital Flows and Controls in Middle-Income Countries: policy responses and development implications

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Civil society remarks for Roundtable 2 on middle-income countries

Developing and emerging economy countries have been experiencing a surge of capital inflows from the advanced economies, which are threatening their macroeconomic and trade growth and stability. These capital flows, which are primarily speculative and short-term in nature, are transmitting destabilizing effects

account regulation, or capital controls. The last one year has presented landmark shifts in the
international consensus on capital controls, as demonstrated by the new acceptance of 'macro-
prudential regulations' by the International Monetary Fund (IMF) and the Group of 20 (G20) at
its Seoul Summit in November 2010.

The IMF, which has historically been opposed to capital controls, significantly revised its
ideological framework with a February 2010 study titled, "Capital inflows: The role of controls."
This study stated that "capital controls are a Gr5 Tc 9.8 0 0 9.8 2ntr8148dml2058 -0.02apital leg.296 652.56 Tm1 Tc 4 (stated.007mucq4.)Tj -048 0 Td (y3al)Tj 0.0 ne28hi.-0.0l2058 -0.02apeG20)