

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Capital Flows and the Emerging Economies: Theory, Evidence, and Controversies

Volume Author/Editor: Sebastian Edwards, editor

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-18470-6

Volume URL: <http://www.nber.org/books/edwa00-1>

Conference Date: February 20-21, 1998

Publication Date: January 2000

Chapter Title: Front matter, table of contents, acknowledgments

Chapter Author: Sebastian Edwards

Chapter URL: <http://www.nber.org/chapters/c6161>

Chapter pages in book: (p. -11 - 0)



National
Bureau of
Economic
Research

EDITED BY **Sebastian Edwards**

CAPITAL FLOWS
and
**THE EMERGING
ECONOMIES**

Theory, Evidence, and Controversies

This Page Intentionally Left Blank

Capital Flows and the Emerging Economies



**A National Bureau
of Economic Research
Conference Report**



**Capital Flows and the
Emerging Economies**
Theory, Evidence,
and Controversies

Edited by

Sebastian Edwards

The University of Chicago Press

Chicago and London

SEBASTIAN EDWARDS is the Henry Ford II Professor of International Economics at the Anderson Graduate School of Management, University of California, Los Angeles, and a research associate of the National Bureau of Economic Research.

The University of Chicago Press, Chicago 60637
The University of Chicago Press, Ltd., London
© 2000 by the National Bureau of Economic Research
All rights reserved. Published 2000
Printed in the United States of America
09 08 07 06 05 04 03 02 01 00 1 2 3 4 5
ISBN: 0-226-18470-6 (cloth)

Library of Congress Cataloging-in-Publication Data

Capital flows and the emerging economies : theory, evidence, and controversies / edited by Sebastian Edwards.

p. cm. — (A National Bureau of Economic Research conference report)

Includes bibliographical references and index.

ISBN 0-226-18470-6 (cloth : alk. paper)

1. Capital movements—Developing countries—Congresses.

I. Edwards, Sebastian, 1953– II. Conference report (National Bureau of Economic Research)

HG5993.C37 2000

332'.042—dc21

99-086529

© The paper used in this publication meets the minimum requirements of the American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials, ANSI Z39.48-1992.

National Bureau of Economic Research

Officers

John H. Biggs, *chairman*
Carl F. Christ, *vice-chairman*
Martin Feldstein, *president and chief executive officer*
Robert Mednick, *treasurer*
Sam Parker, *chief financial officer*

Susan Colligan, *corporate secretary*
Kelly Horak, *controller and assistant corporate secretary*
Gerardine Johnson, *assistant corporate secretary*

Directors at Large

Peter C. Aldrich	George C. Eads	Michael H. Moskow
Elizabeth E. Bailey	Martin Feldstein	Rudolph A. Oswald
John H. Biggs	Stephen Friedman	Robert T. Parry
Andrew Brimmer	George Hatsopoulos	Peter G. Peterson
Carl F. Christ	Karen N. Horn	Richard N. Rosett
Don R. Conlan	John Lipsky	Kathleen P. Utgoff
Kathleen B. Cooper	Leo Melamed	Marina v.N. Whitman

Directors by University Appointment

George Akerlof, <i>California, Berkeley</i>	Joel Mokyr, <i>Northwestern</i>
Jagdish Bhagwati, <i>Columbia</i>	Andrew Postlewaite, <i>Pennsylvania</i>
William C. Brainard, <i>Yale</i>	Nathan Rosenberg, <i>Stanford</i>
Glen G. Cain, <i>Wisconsin</i>	Harold T. Shapiro, <i>Princeton</i>
Franklin Fisher, <i>Massachusetts Institute of Technology</i>	Craig Swan, <i>Minnesota</i>
Saul H. Hymans, <i>Michigan</i>	David B. Yoffie, <i>Harvard</i>
Marjorie B. McElroy, <i>Duke</i>	Arnold Zellner, <i>Chicago</i>

Directors by Appointment of Other Organizations

Marcel Boyer, <i>Canadian Economics Association</i>	Robert Mednick, <i>American Institute of Certified Public Accountants</i>
Mark Drabenstott, <i>American Agricultural Economics Association</i>	John J. Siegfried, <i>American Economic Association</i>
William C. Dunkelberg, <i>National Association for Business Economics</i>	David A. Smith, <i>American Federation of Labor and Congress of Industrial Organizations</i>
Gail D. Fosler, <i>The Conference Board</i>	Josh S. Weston, <i>Committee for Economic Development</i>
A. Ronald Gallant, <i>American Statistical Association</i>	Gavin Wright, <i>Economic History Association</i>
Robert S. Hamada, <i>American Finance Association</i>	

Directors Emeriti

Moses Abramovitz	Franklin A. Lindsay	James J. O'Leary
George T. Conklin, Jr.	Paul W. McCracken	Bert Seidman
Thomas D. Flynn	Geoffrey H. Moore	Eli Shapiro
Lawrence R. Klein		

Since this volume is a record of conference proceedings, it has been exempted from the rules governing critical review of manuscripts by the Board of Directors of the National Bureau (resolution adopted 8 June 1948, as revised 21 November 1949 and 20 April 1968).

This Page Intentionally Left Blank

Contents

Acknowledgments	ix
Introduction	1
Sebastian Edwards	
I. CAPITAL FLOWS TO DEVELOPING COUNTRIES: THEORETICAL ASPECTS	
1. Contagion, Globalization, and the Volatility of Capital Flows	15
Guillermo A. Calvo and Enrique G. Mendoza	
<i>Comment: Rudiger Dornbusch</i>	
2. Fire-Sale FDI	43
Paul Krugman	
<i>Comment: Aaron Tornell</i>	
3. Capital Flows to Emerging Markets: Liberalization, Overshooting, and Volatility	61
Philippe Bacchetta and Eric van Wincoop	
<i>Comment: Carmen M. Reinhart</i>	
II. CROSS-COUNTRY EVIDENCE	
4. What Explains Changing Spreads on Emerging Market Debt?	107
Barry Eichengreen and Ashoka Mody	
<i>Comment: Sylvia Maxfield</i>	

5. Is There a Curse of Location? Spatial Determinants of Capital Flows to Emerging Markets 137
Swati Ghosh and Holger Wolf
Comment: Miguel A. Savastano

6. Capital Flows and the Behavior of Emerging Market Equity Returns 159
Geert Bekaert and Campbell R. Harvey

III. CAPITAL FLOWS TO LATIN AMERICA, ASIA, AND EASTERN EUROPE

7. Capital Flows, Real Exchange Rates, and Capital Controls: Some Latin American Experiences 197
Sebastian Edwards
Comment: José De Gregorio

8. Capital Flows in Asia 255
Takatoshi Ito
Comment: Dani Rodrik

9. Capital Flows to Central and Eastern Europe and the Former Soviet Union 299
Stijn Claessens, Daniel Oks,
and Rossana Polastri
Comment: Michael P. Dooley

Contributors 341
Author Index 343
Subject Index 347

Acknowledgments

The papers and commentary collected in this volume were presented at a conference held in Cambridge, Massachusetts, on 20–21 February 1998. We are grateful to the Starr Foundation, the Ford Foundation, and the Center for International Political Economy for supporting the National Bureau of Economic Research’s project on capital flows. We are also indebted to Kirsten Foss Davis, Rob Shannon, and the staff of the NBER’s Conference Department for efficient support.

This Page Intentionally Left Blank