

Accepted Manuscript

Capital Controls as Shock Absorbers

Nadav Ben Zeev

PII: S0022-1996(17)30108-3
DOI: doi:[10.1016/j.jinteco.2017.08.004](https://doi.org/10.1016/j.jinteco.2017.08.004)
Reference: INEC 3073

To appear in: *Journal of International Economics*

Received date: 12 January 2017
Revised date: 24 August 2017
Accepted date: 24 August 2017



Please cite this article as: Zeev, Nadav Ben, Capital Controls as Shock Absorbers, *Journal of International Economics* (2017), doi:[10.1016/j.jinteco.2017.08.004](https://doi.org/10.1016/j.jinteco.2017.08.004)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Capital Controls as Shock Absorbers*

Nadav Ben Zeev[†]
Ben-Gurion University of the Negev

September 4, 2017

Abstract

The recent global financial crisis has resuscitated the debate on the relevance of capital controls as effective policy instruments. This paper contributes to this debate by studying the shock-absorbing capacity of capital controls. Using a recently developed capital control dataset for a panel of 33 emerging market economies, I show that output in economies with stricter capital *inflow* controls responds significantly less to global credit supply shocks, whereas capital *outflow* controls have no significant shock-absorbing capacity. Leverage is significantly lower in economies enacting stricter capital inflow controls, suggesting that financial frictions play a role in driving the shock-absorbing capacity of inflow controls.

JEL classification: F38,F41,F44,

Key words: Capital controls; Credit supply shocks; Emerging market economies

*I am grateful to Martín Uribe, two anonymous referees, Andrés Fernández and Alejandro Viccondoa for helpful comments and suggestions.

[†] *Contact details:* Department of Economics, Ben-Gurion University of the Negev. P.O.B 653, Beer-Sheva 84105, Israel.

E-mail: nadavbz@bgu.ac.il

Download English Version:

<https://daneshyari.com/en/article/5100859>

Download Persian Version:

<https://daneshyari.com/article/5100859>

[Daneshyari.com](https://daneshyari.com)