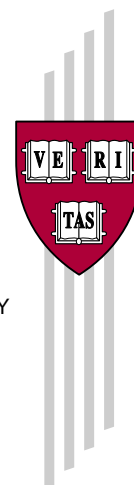


UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



CENTER FOR
INTERNATIONAL
DEVELOPMENT
HARVARD UNIVERSITY



G-24 Discussion Paper Series

Commentary on the Financial Stability Forum's Report of the Working Group on Capital Flows

Andrew Cornford

No. 7, December 2000

**UNITED NATIONS CONFERENCE ON
TRADE AND DEVELOPMENT**

**CENTER FOR INTERNATIONAL DEVELOPMENT
HARVARD UNIVERSITY**

G-24 Discussion Paper Series

**Research papers for the Intergovernmental Group of Twenty-Four
on International Monetary Affairs**



UNITED NATIONS

New York and Geneva, December 2000

Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

*

*

*

The views expressed in this Series are those of the authors and do not necessarily reflect the views of the UNCTAD secretariat. The designations employed and the presentation of the material do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

*

*

*

Material in this publication may be freely quoted; acknowledgement, however, is requested (including reference to the document number). It would be appreciated if a copy of the publication containing the quotation were sent to the Editorial Assistant, Macroeconomic and Development Policies Branch, Division on Globalization and Development Strategies, UNCTAD, Palais des Nations, CH-1211 Geneva 10.

UNCTAD/GDS/MDPB/G24/7

UNITED NATIONS PUBLICATION

Copyright © United Nations, 2000
All rights reserved

PREFACE

The *G-24 Discussion Paper Series* is a collection of research papers prepared under the UNCTAD Project of Technical Support to the Intergovernmental Group of Twenty-Four on International Monetary Affairs (G-24). The G-24 was established in 1971 with a view to increasing the analytical capacity and the negotiating strength of the developing countries in discussions and negotiations in the international financial institutions. The G-24 is the only formal developing-country grouping within the IMF and the World Bank. Its meetings are open to all developing countries.

The G-24 Project, which is administered by UNCTAD's Macroeconomic and Development Policies Branch, aims at enhancing the understanding of policy makers in developing countries of the complex issues in the international monetary and financial system, and at raising awareness outside developing countries of the need to introduce a development dimension into the discussion of international financial and institutional reform.

The research carried out under the project is coordinated by Professor Dani Rodrik, John F. Kennedy School of Government, Harvard University. The research papers are discussed among experts and policy makers at the meetings of the G-24 Technical Group, and provide inputs to the meetings of the G-24 Ministers and Deputies in their preparations for negotiations and discussions in the framework of the IMF's International Monetary and Financial Committee (formerly Interim Committee) and the Joint IMF/IBRD Development Committee, as well as in other forums. Previously, the research papers for the G-24 were published by UNCTAD in the collection *International Monetary and Financial Issues for the 1990s*. Between 1992 and 1999 more than 80 papers were published in 11 volumes of this collection, covering a wide range of monetary and financial issues of major interest to developing countries. Since the beginning of 2000 the studies are published jointly by UNCTAD and the Center for International Development at Harvard University in the *G-24 Discussion Paper Series*.

The Project of Technical Support to the G-24 receives generous financial support from the International Development Research Centre of Canada and the Governments of Denmark and the Netherlands, as well as contributions from the countries participating in the meetings of the G-24.

**COMMENTARY ON THE FINANCIAL
STABILITY FORUM'S REPORT OF THE
WORKING GROUP ON CAPITAL FLOWS**

Andrew Cornford

United Nations Conference on Trade and Development, Geneva

G-24 Discussion Paper No. 7

December 2000

Abstract

This Report consists principally of recommendations and guidelines. It acknowledges the threat to the benefits of a liberal global regime for international capital flows posed by their instability. Concern is expressed as to risks to stability linked to reliance on short-term borrowing from banks, the interaction between different financial risks, and faultlines in global financial markets resulting from firms' own hedging and risk management that may be difficult to identify in advance. But, in general, the Report's recommendations focus mainly on changes in recipient countries in practices with regard to the monitoring and management of financial risks, rather than on changes in the main sources of international lending and investment. Those directed at the latter would require no major deviations from the thrust of existing policies in the countries concerned. In particular, the Report does not discuss proposals put forward in some quarters for substantial improvements in transparency regarding operations in currency markets widely considered to have contributed to recent episodes of instability. On the subject of controls over capital movements, the Report limits itself to cautious endorsement of those over inflows.

Table of contents

	<i>Page</i>
<i>Preface</i>	<i>iii</i>
<i>Abstract</i>	<i>vii</i>
I. Introduction	1
II. The working group's mandate and the Report's principal focus	1
III. The Report's perception of recent experience	2
IV. Monitoring and managing risk	4
A. Public sector	5
B. The banking sector	6
C. The non-bank financial and corporate sectors	8
D. Capital controls as "a prudential measure"	8
V. Building institutional capacity	9
VI. Data on external financial positions	10
VII. Concluding remarks	11
<i>Notes</i>	11
<i>References</i>	12

COMMENTARY ON THE FINANCIAL STABILITY FORUM'S REPORT OF THE WORKING GROUP ON CAPITAL FLOWS*

Andrew Cornford

I. Introduction

The *Report of the Financial Stability Forum's Working Group on Capital Flows* (henceforth the Report) consists principally of a long and carefully annotated set of recommendations and guidelines. It begins by acknowledging the threat to the benefits of a liberal global regime for international capital flows posed by their instability. The Report is concerned with risks to stability linked to short-term borrowing, and its recommendations under this heading include a change at the level of the sources of capital flows in the form of removal in the revised Basle Capital Accord of the incentive to short-term bank lending in the 1988 Accord. But in general the Report's recommendations focus mainly on changes in recipient countries in practices with regard to the

currency markets widely considered to have contributed to recent episodes of instability. The subject of controls over capital movements is broached but the Report limits itself to capital inflows, and the case for these is somewhat cautiously accepted.

II. The working group's mandate and the Report's principal focus

To some extent the focus of the Report can be explained through the Working Group's terms of reference. These were as follows: (i) to evaluate prudential policies, regulations and risk-management practices in borrowing countries that may help to reduce systemic risks associated with the build-up of external indebtedness; (ii) to identify regulatory

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_10978

