BRETTON WOODS project
Critical voices on the World Bank and IMF

LATINDADD
Latin American Network on Debt, Development and Rights

Time for a New Consensus: Regulating Financial Flows for Stability and Development

Speakers:

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Chair:

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Impacts

- Crisis transmission through capital account effects, banking crises
- Social impacts of capital account crises are deep and lasting
  - Impacts on wealth distribution
  - Specific impacts on children
  - Impacts on women

Booms consequences, other impacts

- Inequality
- De-industrialisation
- Tax havens and secrecy
- Contributions to global imbalances

Effectiveness of capital account management

- Different types of capital flow regulations can be effective
- Limits on foreign ownership
- Inflow controls – quantitative
- Foreign exchange restrictions
- Outflow restrictions
- Taxes/cost-based measures
- Macro-prudential (regulatory)

Policy hurdles to using these measures

- IFI policies – IMF and World Bank
- Trade and Investment regimes
  - WTO
  - Bilateral agreements
- Treaty obligations:
  - OECD and Lisbon Treaty

Recommendations

1. CSOs need to recognise the need for changes in financial architecture
2. Developing country policy makers need to get over fear of capital account regulations
3. IMF needs to accept that regulation can be desirable, then can help with design
4. Need data gathering and analysis; joint enforcement and policing

Recommendations

5. Coordinated removal of policy hurdles
6. Developing countries can start regional coordination of capital account management
7. Source countries need to agree policies with developing countries
8. Treaties need to be amended to remove requirements for capital account liberalisation

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