

# The Effectiveness of Capital Controls: Gates versus Walls

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## Abstract

This paper analyzes the effectiveness of capital controls on international capital flows using 81 economies' data including both advanced and emerging economies over 1995 to 2019. The analysis using total samples shows that although they are in expected directions, the impulse responses of imposing capital controls are not statistically significant. Separating samples in various ways (such as by differences of advanced and emerging economies, pre-and-post crisis periods, etc), we find that most results are not statistically significant as well. However, the canonical classification into “gate” and “wall” economies reveals that the effectiveness of capital controls is most relevant for “wall” economies.

Keywords: Capital flows, Capital controls

JEL classification: E69, F32, F38, F41