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PDF issue: 2026-07-28

Empirical studies on capital controls in advanced and emering economies

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(Degree)
博士（経済学）
(Date of Degree)
2023-03-25
(Date of Publication)
2025-03-25
(Resource Type)
doctoral thesis
(Report Number)
甲第8569号
(URL)
https://hdl.handle.net/20.500.14094/0100482317

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博　士　論　文

令和 4 年 11 月

神戸大学大学院経済学研究科

経済学専攻

指導教員　北野　重人

周　揚

博　士　論　文

Empirical studies on capital controls in advanced and emerging economies

（先進国・新興国における資本規制に関する実証研究）

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Empirical studies on capital controls in advanced and emerging economies

Yang ZHOU

January 20, 2023

Abstract

Recently, the IMF admits that capital control policies can be a valid alternative policy tool for emerging economies to manage excessive capital flows under certain circumstances. Motivated by the desire to rational use of capital control for policymakers, this dissertation consists of a compilation of four papers devoted to unraveling the effectiveness of capital controls in advanced and emerging economies in three different themes: (i) the effects of capital controls on housing prices; (ii) the impact of China's capital controls; (iii) the effects of capital controls on capital flows.

In the second chapter, I study the effects of four types of granular capital control policies on housing prices using a large cross-country panel of 53 economies from 1995 to 2017. I find that the estimated effects of capital controls are distinct for different capital flow types and flow directions, but most capital control indices appear to reduce housing prices. Specifically, I find that capital controls have asymmetric effects on housing prices for AEs and EMs. The negative effects of capital controls on housing prices are mainly driven by pre-crisis subsample. This means that capital controls have been in effect several times before Global Financial Crisis. I also estimate the effects for boom and slump periods respectively and find that capital control policies are implemented in an acyclical way. Since there exists endogeneity for capital control on real estate transactions, I further use IPWRA method to rebalance capital control actions and find that IPWRA estimators can weaken the negative effects on housing prices, and the attenuation effects can be attributed to endogenous factors.

In the third chapter, I empirically assess the effects of China's capital controls on individual asset categories by using the smooth local projection method. Results show stark differences among individual asset categories. Capital controls on equity and financial credits affect the corresponding net inflows significantly, whereas

those on the other three asset categories (bonds, commercial credits, and direct investment) do not.

The fourth chapter investigates the marginal effects of different types of China's capital control indices on GDP growth distribution and the term structure of such distribution using quantile regressions with local projections and fitted skewed t-distribution. I find that: (i) there are heterogeneous effects of China's capital control policies on GDP growth distribution: the aggregated capital control indices are beneficial in reducing the downside risk of real GDP growth in the medium term whereas they are costly on the upswings of real GDP growth in the near-term; (ii) the marginal effects of capital control indices on GDP growth over quantiles show that the heterogeneous effects are stronger in the near-term than medium term; (iii) specifically, these heterogeneous effects are more evident in the short term for outflow control index and resident transaction control index; (iv) the granular capital control indices show broadly heterogeneous effects even if several of them are statistically insignificant.

This dissertation also investigates the effectiveness of capital controls on international capital flows using 81 economies' data including both advanced and emerging economies over 1995 to 2019 in Chapter 5. The analysis using total samples shows that although they are in expected directions, the impulse responses of capital controls are not statistically significant. Making various distinctions among samples (such as advanced and emerging economies, pre-and-post crisis periods, etc.), we still find that most results are not statistically significant. However, the canonical distinction between "gate" and "wall" economies reveals that the effectiveness of capital controls is relevant for the "wall" economies.