Should the IMF Pursue Capital-Account Convertibility?

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Abstract

In September 1997, at its Hong Kong meeting, the Interim Committee of the International Monetary Fund (IMF) adopted a statement on the liberalization of international capital movements. It asked the executive boeard of the Fund to complete work on an amendment to the IMF's Articles of Agreement that would make the liberalization of capital movements one of the purposes of the Fund and would extend the Fund's jurisdiction by requiring member governments to assume "carefully defined and consistently applied obligations" with regard to capital-account liberalization. In effect, the Interim Committee was recommending that the definition of currency convertibility in the Fund's Articles, which is currently limited to current-account transactions, be extended to capital-account transactions as well.

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