

Capital account liberalization and financial globalization, 1890–1999: a synoptic view

Dennis P. Quinn 

First published: 07 July 2003

<https://doi.org/10.1002/ijfe.209>

Accessibility issue? [Request accessibility update.](#)



Abstract

An indicator of financial openness spanning the period 1890–1999 is used to evaluate policies towards the capital account of the balance of payments. Findings include that: financial globalization was deeper in 1890–1913 than subsequently; countries with liberal capital account policies recovered more quickly from the Great Depression than countries that restricted capital account transactions; the correlation between democracy and capital account openness was negative or zero during the gold standard era, in contrast to subsequent periods, when it has tended to be positive; and countries in geographic proximity to one another have tended to behave similarly in their policies towards the capital account. Copyright © 2003 John Wiley & Sons, Ltd.

REFERENCES

Balogh T. 1938. The national economy of Germany. *The Economic Journal* 48: 461–497.

[Web of Science®](#)  | [Google Scholar](#) 

Blanchard O, Simon J. 2001. The long and large decline in US output volatility. *Brookings Papers on Economic Activity* 1: 135–174.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Bloomfield AI. 1963. *Short-term capital movements under the pre-1913 gold standard*. *Princeton Studies in International Finance*. International Finance Section, Princeton University: Princeton, NJ.

[Google Scholar](#) 

Brune N, Garrett G, Guisinger A, Sorens J. 2001. The political economy of capital account liberalization. Paper presented at the 2001 Annual Meeting of the American Political Science Association Convention, San Francisco.

[Google Scholar](#) 

Cohen BJ. 1998. *The Geography of Money*. Cornell University Press: Ithaca, NY.

[Google Scholar](#) 

Diaz-Alejandro C. 1985. Good-bye financial repression, hello financial crash. *Journal of Development Economics* 19: 1-24.

[Web of Science®](#)  | [Google Scholar](#) 

Edison HJ, Klein MJ, Ricci L, Sløk T. 2002. Capital account liberalization and economic performance: survey and synthesis. NBER Working Paper 9100.

[Google Scholar](#) 

Eichengreen BJ. 1996. *Globalizing Capital: A History of the International Monetary System*. Princeton University Press: Princeton, NJ.

[Google Scholar](#) 

Eichengreen BJ. 2001. Capital account liberalization: what do cross-country studies tell us? *World Bank Economic Review* 15: 341-365.

[Web of Science®](#)  | [Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Ellis HS. 1939. Exchange control in Austria and Hungary. *Quarterly Journal of Economics* 54: 1-185.

[Google Scholar](#) 

Ellis HS. 1940. German exchange controls: from an emergency measure to a totalitarian institution. *Quarterly Journal of Economics* 54: 1-158.

[Google Scholar](#) 

Friedrich RJ. 1982. In defense of multiplicative terms in multiple regression equations. *American Journal of Political Science* 26: 797-833.

[Web of Science®](#)  | [Google Scholar](#) 

Gurr RT, Jaggers K. 2000. Polity IV Project. <http://www.bsos.umd.edu/cidcm/polity/>

[Google Scholar](#) 

Hawtrey RG. 1947. *The Gold Standard in Theory and Practice*. Longmans, Green: New York.

[Google Scholar](#) 

Hilferding R. 1981 [1910]. *Finance Capital: A Study of the Latest Phase of Capitalist Development*, T Bottomore (ed.) Trans. Watnick M, Gordon S. Routledge, Kegan, Paul: Boston.

[Google Scholar](#) 

International Monetary Fund. *Annual Report on Exchange Restrictions*. IMF: Washington, DC. Various years, 1950-1978.

[Google Scholar](#) 

International Monetary Fund. *Annual Report on Exchange Arrangements and Exchange Restrictions*. IMF: Washington, DC. Various years, 1979-2001.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

James H. 2001a. *The End of Globalization: Lessons from the Great Depression*. Harvard University Press: Cambridge, MA.

[Google Scholar](#) 

James H. 2001b. *The Deutsche Bank and the Nazi Economic War against the Jews*. Cambridge University Press: Cambridge.

[Google Scholar](#) 

Kopper C. 1995. *Zwischen Marktwirtschaft und Dirigismus. Bankenpolitik im 'Dritten Reich' 1933-1939*. Bouvier: Bonn.

[Google Scholar](#) 

League of Nations. 1922. *Memorandum on Currency, 1913-1921*. A. Kundig: Geneva.

[Google Scholar](#) 

League of Nations. 1923. *International Financial Conference, Brussels, 1920*. (Five volumes and attachments.) A. Kundig: Geneva.

[Google Scholar](#) 

Maddison A. 1994. *Monitoring the World Economy 1820-1992*. OECD Development Center: Paris.

[Google Scholar](#) 

Mitchell BR. 1980. *European Historical Statistics, 1750-1975*. Facts on File: New York.

[Google Scholar](#) 

Mitchell BR. 1983. *International Historical Statistics: the Americas and Australasia*. Gale Research: Detroit.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

[Google Scholar](#) 

Palyi M. 1972. *The Twilight of Gold, 1914–1936; Myths and Realities*. H. Regnery Co.: Chicago.

[Google Scholar](#) 

Polanyi K. 1957 [1944]. *The Great Transformation: The Political and Economic Origins of Our Time*. Beacon Press: Boston.

[Google Scholar](#) 

Polity IV. 2002. Polity IV Project: Political Regime Characteristics and Transitions, 1800– 2000. Available at <http://www.cidcm.umd.edu/inscr/polity/>

[Google Scholar](#) 

Quinn DP. 1997. The correlates of change in international financial regulation. *American Political Science Review* 91: 531–551.

[Web of Science®](#)  | [Google Scholar](#) 

Quinn DP. 2000. Political and international financial liberalization. Paper presented at the Annual American Political Science Association Convention, Washington, DC.

[Google Scholar](#) 

Quinn DP, Inclán C. 1997. The origins of financial openness: a study of current and capital account liberalization. *American Journal of Political Science* 41: 771–813.

[Web of Science®](#)  | [Google Scholar](#) 

Quinn DP, Woolley JT. 2000. Voters' preferences, institutional structures, and the determinants of economic growth volatility. Paper presented at the 2000 Annual Meeting of the American Political Science Association, Washington, DC.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Quinn DP, Toyoda AM. 2002. Anti-Capitalist Sentiment as a Determinant of International Financial Liberalization. Paper presented at the 2002 Annual American Political Science Association Convention, Boston, MA.

[Google Scholar](#) 

Quinn DP, Toyoda AM. 2003. Global Finance and Democracies: Searching for Health, Stability and Influence. Georgetown University (in press).

[Google Scholar](#) 

Romer CD. 1989. The prewar business cycle reconsidered. *Journal of Political Economy* 97: 1-37.

[Web of Science®](#)  | [Google Scholar](#) 

Shannon HA. 1949. The British payments and exchange control system. *Quarterly Journal of Economics* 63: 212-237.

[Web of Science®](#)  | [Google Scholar](#) 

Simmons BA. 1994. *Who Adjusts?: The Domestic Sources of Foreign Economic Policy in the Interwar Years*. Princeton University Press: Princeton, NJ.

[Google Scholar](#) 

Wade R. 1998. From 'miracle' to 'cronyism': explaining the Great Asian Slump. *Cambridge Journal of Economics* 22: 693-706.

[Web of Science®](#)  | [Google Scholar](#) 

Whittlesey CR. 1932. Exchange control. *American Economic Review* 22: 585-604.

[Web of Science®](#)  | [Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential



ABOUT WILEY ONLINE LIBRARY

Privacy Policy

Terms of Use

About Cookies

Manage Cookies

Accessibility

Wiley Research DE&I Statement and Publishing Policies

HELP & SUPPORT

Contact Us

Training and Support

DMCA & Reporting Piracy

Sitemap

OPPORTUNITIES

Subscription Agents

Advertisers & Corporate Partners

CONNECT WITH WILEY

The Wiley Network

Wiley Press Room

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)



Manage Preferences

Accept All

Reject Non-Essential