

Capital Flight, North-South Lending, and Stages of Economic Development

Masaya Sakuragawa, Koichi Hamada

First published: 20 April 2004

<https://doi.org/10.1111/1468-2354.t01-1-00098>

Abstract

We present a two-country OLG economy in which international capital mobility exists in the presence of moral hazard in financial contracts. The difference in the extent of asymmetric information is a source of capital movement and capital flows from the South to the North. Even though there exists a unique steady state under autarky, multiple locally stable steady states may emerge in a world economy with an integrated capital market. However, the integration may drive the South down to further impoverishment. The South's government therefore should take into account seriously the timing of capital market liberalization as a conduit of economic development.

Citing Literature



[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

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

Contact Us
Training and Support
DMCA & Reporting Piracy
Sitemap

OPPORTUNITIES

Subscription Agents
Advertisers & Corporate Partners

CONNECT WITH WILEY

The Wiley Network
Wiley Press Room

Copyright © 1999-2026 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY

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