EDITOR'S NOTE

The articles in this issue of the *Cato Journal* were first presented at the Cato Institute's 22nd Annual Monetary Conference, "International Monetary Reform and Capital Freedom," cosponsored by *The Economist*, October 14, 2004. Globalization has substantially increased the flow of private capital available to emerging markets compared with official flows from multilateral institutions. Capital tends to flow to those countries that pursue sound policies while countries with poor policy performance lose capital or fail to attract it.

This world of mobile capital raises important policy issues: What is the impact of mobile capital on the conduct of monetary policy? Can the International Monetary Fund help stabilize international financial markets or does IMF lending—which encourages debt-led development—reduce stability and make emerging markets overly dependent on debt? What institutional changes should be made to the IMF and the global financial architecture to avoid future sovereign debt crises? What have we learned from alternative exchange rate regimes, including Panama's experience with dollarization and financial integration? Can capital controls protect countries like China from global market forces, or do controls simply postpone adjustment and misallocate resources?

Those and related issues are the focus of this special issue of the *CJ*.

—J. A. Dorn