Post-Neoliberalism and the Politics of Capital Mobility

by

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Declaration

I hereby declare that this dissertation is exclusively my own work, based on independently conducted research and only external information as properly cited in the references. I also declare that no part of the thesis has been submitted in this form to any other institution of higher education for an academic degree.

Pedro Perfeito da Silva

Vienna, September 26, 2022

Acknowledgements

Since I embarked on the PhD journey, the act of translation has become a recurrent task. In my first days in Budapest, I had to translate the countless Portuguese words that were popping up in my head into grammatically-correct English sentences. When this became relatively automatic, it was time to translate readings, courses, and my half-baked ideas into a proper dissertation. Now, when this seems to be done, it is time for a final translation, one that should turn disorganized feelings of gratitude into an elegant section of acknowledgments. Despite their differences, all these moments have something common: there will always be something lost in translation.

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Abstract

This dissertation discusses how the rise of post-neoliberalism has affected the capital flow management in Latin America. It is composed of three independent studies that follow complementary methodological strategies, constituting a mixed-method research design. Relying on time-series cross-section econometrics, the first study estimates the impact of post-neoliberal governments on the regulation of capital flows. Drawing upon a sample of 17 Latin American countries for the period between 1995 and 2019, it finds that post-neoliberalism contributed to higher levels of capital controls across the region. The second study unpacks the role of social forces in the varieties of capital flow management under Latin American post-neoliberalism. Based on a comparative case-study centered on Argentina under Kirchnerism and Brazil under the Workers' Party, it concludes that two complementary channels favor the adoption of heterodox strategies: a strong pressure from popular sectors that push for an immediate macroeconomic reorientation, and the existence of strategic allies among economic elites that mitigate the credibility losses associated with this decision. Finally, the third study compares Argentina under Kirchnerism and Hungary under Viktor Orbán, shedding light on the interaction between populist ideologies and post-neoliberal political projects in the realm of financial policymaking. It shows that both varieties of populism led to partial reversal of external financial liberalization, but targeted different policy dimensions according to their ideological underpinnings: Argentina's left-wing populism prioritized the re-regulation of capital flows, while Hungary's right-wing populism focused on the resumption of national control over the banking sector.

"Whether of left or right variant, more discourse than strategy, existing at best alongside neoliberalism and vestiges of liberalism, post-neoliberalism is a hybrid state of leaving one world as we head toward another."

Patti Lather (2020, p. 769)

"We cannot over-emphasize the point that the primary impediments to the successful use of capital controls are political, not technical."

James Crotty and Gerald Epstein (1996, p. 136)

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1. Introduction

In 1989, John Williamson published the Washington Consensus, a set of ten policy recommendations that became the template of Latin America's engagement with neoliberal reforms. Throughout the following decade, the deepening of socioeconomic polarization and the recurrent financial instability paved the way for the so-called Pink Tide, an unprecedented wave of leftist electoral triumphs that lasted from the late 1990s to the mid-2010s. Even though the rejection of neoliberalism was the unifying agenda of the victorious left-wing parties, the implications of Latin American post-neoliberal governments are still object of a fierce debate.

Kingstone and Young (2009), Panizza (2005), and Stalling and Peres (2011), for instance, consider that leftist governments showed many continuities with neoliberalism, lacking capacity to overcome constraints like the structural power of global markets, the institutional insulation of economic policymaking, the weakening of organized labor, and even the public support for liberalizing reforms. Beasley-Murray et al. (2009), Grugel and Riggirozzi (2012, 2018), and Levitsky and Roberts (2011), on the other hand, take the left turn as an evidence of the consolidation of democratic regimes across the region, identifying relevant policy changes such as the resurgence of economic interventionism, the expansion of social safety nets, and the political incorporation of marginalized groups[1]. In this regard, despite noting that the Latin American left kept its distance from autarky and socialism, Biglaiser (2016), Flores-Macias (2010, 2012), and

[1] Edwards (2010) acknowledges this policy reorientation, but takes it as an obstacle to economic development or even as threat to political stability.

Weyland (2009) contend that the extension of policy change varied due to mediating factors like institutions, national endowments, and electoral support.

It is possible to draw a parallel between this debate on the consequences of Latin American Pink Tide and the one about the implications of the crisis of the Bretton Woods order for European social democracy. In both literature strands, the focus was on how the deepening of financial globalization had affected the agency of left-wing governments, eroding their ability to curb market forces and pursue expansionary economic policies.

As observed in the literature on Latin America, the conversation about European social democracy also revolved around two fundamental positions. For example, according to Andrews (1994) and Kirshner (2003), as international markets became more pervasive and states lost part of their regulatory tools, social democratic parties were forced to adopt macroeconomic policies of their right-wing opponents, embracing the Third Way agenda in order to safeguard external competitiveness and avoid capital flight. Offering a less pessimistic perspective, rooted in the comparativist tradition, Kastner and Rector (2003, 2005) and Oatley (1999) argue that social democracy – even after the rise of Third Way politics – retained at least part of its policy distinctiveness, especially where progressive governments could rely on corporatist institutions and strong labor unions.

Another key similarity between these literature strands lies in the treatment of capital mobility. Specifically, most of the aforementioned studies assume that a high level of capital mobility is an exogenous constraint that lies outside the influence of left-wing parties while in office. As a result, the effects of government partisanship are usually assessed in the realm of social protection, public expenditure, and monetary policies, overlooking the implications of left-wing administrations for capital flow management (see, for example, Campello 2015; Levitsky and Roberts 2011; Weyland 2009).

With respect to Latin America, however, two important points recommend a more careful look at the options of left-wing parties for capital flow management. On the external front, for instance, when compared to European economies, the higher exposure of Latin American countries to the booms-and-busts of the global financial cycle makes it even harder to implement a leftist programme without resorting to capital controls[2] (Campello 2015; Maxfield 2000). Additionally, when it comes to domestic politics, the set of left-wing organizations that are able to win elections and lead governments across Latin America goes beyond Third Way social democracy, also including post-neoliberal parties whose programmatic orientation remounts to communitarianism, democratic socialism, left-wing populism – ideologies that presuppose a stronger commitment to economic interventionism (Veltmeyer and Wise 2018; Yates and Bakker 2014).

In order to provide a better understanding of the interplay between government partisanship and economic policymaking, the three studies that compose this dissertation discuss the implications of Latin American post-neoliberal left for capital flow management. The motivation for this research stems from the assumption that the legitimacy and sustainability of democratic regimes presuppose the existence of meaningful programmatic differences between left- and right-wing parties (Merkel 2014). Otherwise, the dissatisfaction with governmental decisions may feed the support for non-democratic political actors, which are able to present themselves as the only path for alternative economic policies (Hopkin and Blyth 2019; Moffit

[2] This stronger external constraint can motivate post-neoliberal governments to adopt protective measures, but can also lead them to abandon their transformative agenda.

2015). In the case of developing and emerging countries, this concern gains further importance because the ability to diverge from neoliberal policy recommendations like financial deregulation has been a recurrent precondition to catch up with advanced economies (Amsden 2001; Reinert 1999).

1.1 Research questions

This dissertation discusses how the rise of post-neoliberalism has shaped capital flow management in Latin America. Based on complementary research designs, its three studies pay attention to the role of government partisanship amid globalization, assessing if there is a space for challenging capital mobility despite external and domestic pressures for policy convergence.

Moreover, my research sheds light on the issue of post-neoliberal hybridity, which is characterized by the rupture with some aspects of the Washington Consensus, while other neoliberal practices remained intact. In this sense, besides describing instances of partial policy change, the three articles unveil the reasons why some dimensions of neoliberal governance were targeted while others were preserved.

In line with this general focus, *the first study investigates how governments led by post-neoliberal parties affected the level of capital controls in Latin America in the period from 1995 to 2019*. The motivation for raising this question stems from the fact that the research on the Pink Tide has paid little attention to capital flow management, prioritizing topics like social protection, political participation, and monetary and fiscal policies (Weyland 2009, 2010; Campello 2015; Levitsky and Roberts 2011). During the 1980s and early 1990s, the removal of capital controls was a key aspect of the neoliberal agenda across Latin America (Frenkel and Simpson 2003; Aizenman 2005; Ocampo and Bertola 2012). Besides attracting investments to overcome the debt crisis, the push for cross-border financial deregulation was also expected to discipline policymakers, turning the threat of capital flight into an insurance against a future return of economic interventionism (Edwards 2010; Prasad and Rajan 2008). In this context, post-neoliberal left-wing parties that entered office in the late 1990s and early 2000s had a difficult choice to make. They could reinstate controls and meet uncertain consequences; or they could accept the inherited financial openness, saving their political capital for other policy areas (Macdonald and Ruckert 2009; Panizza 2005). Besides filling in the gap in the research on the Latin American Pink Tide, the analysis of the response of post-neoliberalism to this dilemma is also relevant to the broader debate on the impact of globalization on leftist agendas, offering an opportunity to contrast post-neoliberal and Third Way projects on this matter.

The second study moves beyond the drivers of the level of capital controls by analyzing why Latin American post-neoliberal parties have adopted variegated strategies of capital flow management. As discussed by Kaltenbrunner (2016) and Rafferty (2017), the regulation of cross-border financial flows may target various kinds of transactions through different policy tools. Therefore, besides deciding about the deployment of capital controls, post-neoliberal governments must also choose the extension of their resistance against capital mobility. For example, if the goal is only to discourage short-term oriented transactions like some kinds of derivatives, policymakers may resort to market-friendly instruments such as temporary taxes and reserve requirements, remaining within the limits of the mainstream economic consensus[3] (Jeanne and Korinek 2010). Alternatively, if the objective is to insulate the domestic economy from global financial markets, state managers may adopt encompassing controls like the prohibition of any type of capital outflow and even complement financial regulation with initiatives such as current account restrictions and external debt renegotiation (Crotty and Epstein 1996; Rafferty 2017).

Despite emphasizing the role of socio-political coalitions as enablers of the resurgence of capital controls, previous studies have kept their focus on the decision of deploying new restrictions, paying little attention to what shapes the choice between different kinds of policy tools (Alami 2019; Gallagher 2015; Pepinsky 2008; Naqvi 2021; Soederberg 2002). To fill in this literature gap, this second study traces the specific design of capital controls to the mobilization of popular organizations and the support of domestic economic elites.

The third study further expands the research focus by assessing how populist parties with opposite ideological backgrounds have differed in their policies towards inherited external financial liberalization. As previously mentioned, in Latin America, the late 1990s currency crises strengthened left-wing populists that blamed liberalizing reforms for economic deterioration (Roberts 2019; 2021). In East-Central Europe, the 2007 Global Financial Crisis had a similar impact, however, right-wing populists were the main beneficiaries of the dissatisfaction with the neoliberal growth model (Hopkin and Blyth 2019). On one hand, this context could motivate both

[3] In this dissertation, the notion of mainstream economics or economic orthodoxy refers to the paradigms of economic thought that occupy a dominant position in the most prestigious universities, think tanks, and multilateral organizations (Dequech 2007). Since the contestation of the Keynesian paradigm that followed the crisis of the Bretton Woods order, the mainstream consensus has been based in paradigms associated to the so-called new neoclassical synthesis such as New Classical Economics and New Keynesian Economics (Arestis 2009). Against this background, the notion of heterodox economics refer to the paradigms that depart from this dominant synthesis such as Post-Keynesian Economics, Neo-Structuralism, Dependency Theory, Marxist Economics, among others (Kvangraven and Alves 2020).

kinds of populists to embrace post-neoliberalism and react against the deregulation of capital flows and the preponderance of foreign banks. On the other hand, as populism varies as result of the articulation with host ideologies (Mudde 2004, 2021; Filc 2010; 2015), left- and right-wing populists may have different agendas towards each dimension of external financial liberalization, forging variegated policy regimes that also reflect the interaction with core constituencies and external constraints. Even though previous comparative studies analyzed the differences between left- and right-wing populists (Aytaç and Onis 2014; Mudde and Kaltwasser 2013; Rodrik 2018), the relevance of this third study stems from the lack of research on the implications of populism for financial policymaking as well as its articulation with post-neoliberal political projects.

1.2 Key definitions

Before moving forward, it is worth defining the terms that are necessary for a proper understanding of the aforementioned research questions. These key definitions can be divided into two groups of concepts: the ones that allow describing the *financial policies* that are the focus of this dissertation; and the ones that specify *government partisanship*, which lies at the center of my explanation for the drivers of financial policymaking.

In the former group, the starting point of this terminological effort must be the notion of *capital mobility*, which is the ability to move capital across national borders (Clark et al. 2012). *Capital flow management* is an umbrella term to designate the set of policies that affect this ability (Ostry et al. 2010, 2011a, 2011b). The main tools for capital flow management are the so-called *capital controls*, that is, laws and norms that have a direct effect on cross-border financial movements[4] (Obstfeld and Taylor 2004; Epstein et al. 2005). Depending on the context, capital flow management may go beyond capital controls, including initiatives with an indirect impact on capital flows like, for example, macroprudential regulations (Gallagher 2015; Grabel 2015; Kaltenbrunner 2016).

As mentioned in the previous section, the deregulation of capital flows is one of the two dimensions of *external financial liberalization* (Wolfson and Epstein 2013). The other component of this process is the entry of foreign banks into captive financial systems (Arestis and Paula 2008). Therefore, measures that affect the ownership structure of the banking sector without targeting capital flows – such as the capitalization of state-owned banks and the introduction of bank levy schemes – have an impact on one country's degree of external financial liberalization, but are not tools of capital flow management (Kaltenbrunner 2016).

It is also important to make a distinction between *de jure* restrictions on capital mobility, like capital controls, and *de facto* financial integration, which depends on the realized capital flows across one country's national borders (Edison et al. 2002a, 2002b). Even though a high level of controls is expected to curb financial integration, the strength of this relationship depends on a myriad of factors such as the country's position in the global markets and the effectiveness of its financial restrictions (Prasad et al. 2003, 2007). For instance, due to its attractiveness to foreign investors and the international projection of its companies, China keeps a high degree of financial integration despite its pervasive capital controls (Fernandez et al. 2016; Prasad and Wei 2007). In a similar vein, if private actors are able to circumvent encompassing financial regulations,

[4] From the perspective of the balance of payments, the existence of capital controls contributes to the closure of the capital account (Obstfeld and Taylor 2004). Therefore, it is possible to take capital controls and capital account policies as interchangeable terms.

countries may endure an involuntary financial integration as observed in the episodes of capital flight across Latin America during the 1970s and 1980s (Edwards 2010).

Moving to definitions related to political-ideological projects and government partisanship, the starting point must be the notion of post-neoliberalism. Even though most of this literature focuses on Latin America, I rely on Grugel and Riggirozzi (2012, 2018), Lather (2020), Toplišek (2020), Yates and Bakker (2014), and Wylde (2012, 2016) to build a parsimonious definition that can travel across regions, shedding light on distinct reactions against the excessive marketization and associated technocratic democracies that resulted from the global rise of neoliberalism. Based on the work of these scholars, I take *post-neoliberalism* as a set of ideas and public policies that aim to resubordinate market economy and political institutions to social concerns without breaking with all dimensions of inherited neoliberal governance. The rise of post-neoliberalism paves the way for *hybrid policy regimes*, characterized by the preservation of some aspects of the Washington Consensus alongside practices associated with alternative policy paradigms such as neo-developmentalism, economic nationalism, neocorporatism, and post-development (Ban 2012; Veltmeyer and Wise 2018; Yates and Bakker 2014).

Underlying this notion of post-neoliberalism, there is an aligned conceptualization strategy for neoliberalism. Specifically, I follow Ban (2016), who defines *neoliberalism* as a set of ideas and policies that seek to expand the market realm by institutionalizing trade and financial openness, public finances benchmarked by market credibility, and growth strategies centered on the promotion of external and internal competitiveness[5].

[5] Following an opposite conceptualization strategy, Fine and Saad-Filho (2017) characterize neoliberalism as a stage of capitalist development which should not be reduced to ideas or policies. Despite the advantages of their approach

In light of these definitions, it is possible to discern between post-neoliberalism and embedded neoliberalism. Despite falling short of a complete rupture with neoliberalism, the existence of a post-neoliberal agenda presupposes challenging some of the core features of neoliberal policymaking (Macdonald and Ruckert 2009). *Embedded neoliberalism*, on the other hand, combines a full commitment to the core neoliberal practices with the partial mitigation of some of their polarizing consequences[6] (Ban 2016; Cerny 2008). In other words, both embedded neoliberalism and post-neoliberalism are characterized by initiatives that enable policymakers to strengthen social safety nets or fund sectoral reconversion plans, but only post-neoliberalism entails the reversal of *some* of the previous neoliberal reforms (Yates and Bakker 2014).

Despite its historical origin, post-neoliberalism is not an exclusively leftist phenomenon. In this sense, it is helpful to draw a parallel with the history of neoliberalism. According to Mudge (2008, 2011, 2018), neoliberal ideas appeared in the right-wing camp, but were gradually incorporated into the programme of social democratic parties, forging a neoliberal left that became known as Third Way. Following this rationale, right-wing parties may embrace post-neoliberalism in face of the crisis of neoliberal growth models, especially in countries where social democracy has led the implementation of market reforms, alienating traditional supporters (Davies and Gane 2021; Toplišek 2020).

To some extent, the heterogeneity that characterizes post-neoliberalism finds an echo in the notion of productive incoherence. As put forward by Grabel's (2017), following the 2007 crisis,

for understanding neoliberalism at the global level, I argue that a narrower definition is better suited for analyzing and classifying the ideas and policies adopted by specific political parties.

[6] To characterize policy regimes that rely on a similar principle, Saad-Filho (2020) and Sandbrook (2011) use terms like inclusive, social or pragmatic neoliberalism.

the cracks in the neoliberal edifice were not enough to forge an alternative hegemonic vision, but created space for a multiplicity of fragmented and tentative experimentations, especially in emerging and developing countries. According to the same scholar, the resulting incoherence was beneficial rather than debilitating as it allowed policymakers to escape economic orthodoxy, adopting practices that a more appropriate to their country-specific challenges.

Before concluding this section, it is worth distinguishing between two different uses for the concept of post-neoliberalism. The first one entails the possibility of a global demise of neoliberalism after the eruption of the Global Financial Crisis and was criticized for underestimating the adaptative capacity of neoliberal hegemony (Peck et al. 2010). The second use, followed in this dissertation, refers specifically to the political-ideological projects that challenge neoliberalism at the national level (Yates and Bakker 2014). As the global resilience of neoliberal practices and the collapse of Latin American Pink Tide indicate (Fine and Saad-Filho 2017; Grugel and Riggirozzi 2018), the criticism of the notion of a global or even a regional *post-neoliberal moment* proved valid, however, this does not change the fact that political parties may still embrace a post-neoliberal programme and, while in office, implement policies according to this orientation.

1.3 Methodology

This dissertation is composed of three independent articles, which follow distinct methodological strategies. However, as these studies address complementary questions, it is possible to argue that they constitute a mixed-method strategy. Being recurrent in the related political economy literature, this research design builds upon a division of tasks between a large-N statistical analysis, which identifies empirical regularities, and small-N case studies, that shed light on the underlying mechanisms (Gerring 2006; Liebermann 2005).

In line with this strategy, the first article relies on time-series cross-section econometrics, estimating a panel-corrected standard errors model to assess the drivers of capital controls across Latin America for the period between 1995 and 2019. In face of the shortcomings of the indicators proposed by Chinn and Ito (2006, 2008) and Fernandez et al. (2016), I build a new capital controls index that covers 17 Latin American countries. Drawing upon the affiliation of governing parties to the São Paulo Forum, a region-wide organization of Latin American post-neoliberalism, I analyze the impact of post-neoliberal administrations on the level of controls. Besides accounting for the role of political institutions, economic structure, and conjunctural pressures, I also contrast the effect of post-neoliberalism with the repercussions of governments led by Third Way parties, affiliated to the Socialist International.

The second article builds a comparative case-study centered on Argentina under Kirchnerism (2003-2015) and Brazil under the Workers' Party (2003-2016). Despite their structural and conjunctural similarities, these countries followed opposite strategies to reregulate capital flows: Brazil resembled most post-neoliberal experiences, being a typical case of orthodox strategy based on selective and market-friendly regulations; Argentina, on the other hand, was a deviant case of heterodox strategy, characterized by broad and intense capital controls. Following this most-similar systems design, I trace each country's strategy of capital flow management to the pressure from popular sectors and the existence of strategic allies among economic elites. For both countries, the analysis is organized into two periods: the first post-neoliberal term directly after the 1998-2002 economic crisis in each country and the rest of the post-neoliberal experience in the wake of the 2007 crisis. To add nuance to this debate, I also briefly discuss post-neoliberal administrations in Bolivia, Chile, and Ecuador. In terms of supportive evidence, I draw on reports published by the International Monetary Fund (IMF), financial openness indexes, electoral manifestos, policymakers' articles, countries' official responses to the IMF staff, interest groups' publications, and related academic literature.

Relying on a similar kind of research design and supportive evidence, the third article builds a comparative case-study centered on Argentina under Kirchnerism (2003-2015) and Hungary under Viktor Orbán (since 2010). As these are prototypical examples of left- and right-wing populism, the case-selection criteria stem from the main explanatory variable of the study, that is, the host ideology of populist parties. Despite the differences in respect of core constituencies, political systems and regional settings, Argentina and Hungary share the condition of industrialized dependent economies, the prevalence of market reforms throughout the 1990s, and the recurrent macroeconomic instability. Moreover, in both countries, populist parties blamed neoliberalism for economic deterioration, entering office amid financial crises. Regarding the outcome of interest, I analyze each country's policies towards the regulation of capital flows and the ownership structure of the banking sector. To assess alternative explanations, I also briefly discuss financial policies of populist governments in Ecuador and Poland.

1.4 Scope of the studies

Despite being at the intersection of comparative and international political economy, my research focuses on the role of political parties and social groups in the design and implementation of financial policies by national governments. As a result, even though acknowledging their relevance, external factors like the agenda of international organizations and the interests of the most powerful countries play a subsidiary part in the theoretical framework of the three articles in this study. In a similar vein, the assessment of the effectiveness of restrictive financial policies like capital controls remains outside the scope of this dissertation[7].

Regarding the spatial scope of the studies in this dissertation, on one hand, there is a shared focus on Latin American countries, especially the ones governed by post-neoliberal parties. On the other hand, it is possible to draw implications for other dependent market economies, which is observed, for example, in the cross-regional comparison with East-Central European countries in the third article.

Finally, with respect to the temporal scope, the discussion covers the period of the Latin American Pink Tide, which goes from the late 1990s to the mid-2010s. In this sense, two points of reference should be considered: the 1990s financial crises in emerging markets that paved the way for the rise of post-neoliberalism in Latin America; and the 2007 Global Financial Crisis that fed the contestation to neoliberalism, creating opportunities for post-neoliberal projects in other regions of the world.

[7] The effectiveness of a given policy is not necessary to justify the study of their determinants. Firstly, it is worth highlighting that this kind of assessment is controversial, dynamic, and a function of political process. Moreover, even if we classify certain initiatives as completely ineffective, understanding the adoption of ineffective public policies is a recurrent topic in political research.

1.5 Main findings and contributions

The three studies in this dissertation reveal that government partisanship still matters for economic policymaking. Even with the constraints imposed by globalization, the main findings indicate that the rise of Latin American post-neoliberalism favored the reinforcement of cross-border financial regulation. This policy reorientation did not mean a complete reversal of financial liberalization, but showed relevant discontinuities with previous neoliberal governance.

Overall, the main contribution of my research is to bring the agency of political parties back to the center of the analysis of financial policymaking even in the context of emerging and developing economies. Departing from approaches that highlight the structural power of global markets, the three articles in this dissertation show that national governments can still challenge external constraints if certain domestic political conditions are present. Despite the emphasis on national agency, the three studies in the dissertation also shed light on the difficulties faced by the alternatives to the neoliberal hegemony, indicating that even a relatively moderate policy change requires conditions like deep economic crises and/or encompassing socio-political coalitions.

In line with this general orientation, based on a sample of 17 countries for the period between 1995 and 2019, the first article finds that government partisanship was a key determinant of capital flow management across Latin America. As expected, the administrations led by post-neoliberal parties tended to increase the level of capital controls, especially when they remain in office for longer periods. On the other hand, governments led by Third Way parties kept their distance from restrictive regulations, deepening the option for financial liberalization. Differences with respect to the need for policy space, the composition of constituencies, and the strategy of political mobilization are potential reasons for these opposite policies towards capital mobility.

When it comes to its specific contributions, this first study demonstrates that capital controls remain on the leftist policy menu even after the progress of globalization. Moreover, it shows that a proper assessment of the role of government partisanship should incorporate the specific content of party ideologies, exploring, for example, the differences between Third Way and post-neoliberal left-wing parties. It also highlights the relevance of domestic politics since neither the 2007 crisis nor surges in inflows are enough to explain the resurgence of capital controls across Latin America.

The second article unpacks the role of social forces in the choice between orthodox and heterodox strategies of capital flow management. In brief, I propose that two complementary channels favor the pursuit of heterodox strategies: a strong pressure from popular sectors that push for an immediate macroeconomic reorientation, and the existence of strategic allies among economic elites that mitigate the credibility losses associated with this decision. The comparative case-study on Argentina under Kirchnerism and Brazil under the Workers' Party provides support for this argument. In the former case, the ruling party had to address the demands from strong and autonomous unions and social movements, while counting on a strategic alliance with domestic manufacturing producers. In the latter, conversely, the governing party lacked strategic allies among economic elites and could overlook the agenda of weak and subordinated popular organizations. In other words, both popular and elite channels favored the adoption of a heterodox strategy of capital flow management by Kirchnerism, while neither of them did in the case of the Workers' Party. As the conjunction of popular pressure and elite support is rare, most post-neoliberal administrations kept their distance from heterodoxy, trying to curb capital flows through selective and market-friendly regulations.

This second study contributes to the literature centered on the policy diversity in the wake of the Latin American Pink Tide by building a coalitional argument that departs from institutionalist and structuralist approaches. Regarding the recent debate about the reregulation of capital flows, it moves the focus beyond the decision of deploying capital controls, shedding light on which factors explain the specific design of financial restrictions and providing a framework to understand the combination of orthodox tools with post-neoliberal objectives.

The third article compares Argentina under Kirchnerism and Hungary under Viktor Orbán, finding that both populist experiences led to a partial reversal of external financial liberalization. It also finds that each subtype of populism targeted a different dimension of liberalization. Argentina's left-wing populism re-regulated cross-border capital flows, harming financial operators, foreign investors and primary exporters through capital controls and export surrenders. These interventionist capital account regulations were needed to shield expansionary macroeconomic policies that attended to the interests of subordinate socioeconomic strata, fueling the tension with financial markets and domestic economic elites. Conversely, Hungary's right-wing populism focused on the ownership structure of the banking sector, aiming to redistribute assets from foreign to domestic private banks and improve the credit conditions for native capitalists. In this case, even when resorting to macroeconomic heterodoxy, the maintenance of fiscal balance and price stability retained support from both foreign investors and domestic business groups, mitigating tensions derived from financial nationalism.

In regards to its specific contributions, this third study adds to the debate about the emergence of hybrid policy regimes in the wake of the crisis of neoliberal growth models, demonstrating that party ideology performs a key role in shaping the partial reversal of economic liberalization. With respect to the literature focused on populism, the study sheds light on the conditions that motivate populist parties to embrace post-neoliberal agendas, providing additional support to the thesis that populist alternatives gain ground when social democrats move to the center in the economic debate. Still regarding this topic, it shows that left- and right-wing populisms do not face equivalent obstacles in terms of policy implementation, adding a potential explanation for right-wing populists being more successful than their leftist counterparts.

Moving beyond the immediate focus of this dissertation, my research also contributes to two broader political economy debates. The first one refers to the margin of maneuver of left-wing governments in advanced democracies. In this sense, by showing that Latin American countries used their limited policy space to regulate capital flows, the three articles in this dissertation indicate that policymakers in high-income economies can be bolder when it comes to brining the state back in issues like climate crisis and income distribution. Furthermore, the evidence that political factors still shape capital flow management can help to avoid the trap of technological determinism when analyzing the drivers of regulatory paths towards financial innovations like, for example, cryptocurrencies.

1.7 Structure

The remainder of this dissertation is organized as follows. The next chapter positions the research toward the literature on the role of government partisanship after globalization, the definition of post-neoliberalism, and the policy implications of the Latin American Pink Tide. The third chapter investigates the impact of Latin American post-neoliberalism on the level of capital controls. The fourth chapter assesses the role of social forces in shaping the different post-neoliberal strategies to reregulate capital flows. The fifth chapter analyzes the adoption of post-neoliberal financial policies by populist parties. The sixth chapter presents final remarks with a focus on the legacy and perspectives of post-neoliberal projects in Latin America.

2. Theoretical Background

This chapter engages with the political economy literature that underlies the theoretical framework of the articles in this dissertation. Besides this short introduction, it is organized into four sections. The first one reviews studies centered on the role of government partisanship in economic policymaking, reflecting on the extension of the programmatic convergence between mainstream parties in the wake of the crisis of Bretton Woods order and the rise of neoliberalism. The second section draws a panorama of the literature about post-neoliberalism, discussing its emergence in Latin America and its usefulness for understanding the different reactions to neoliberalism around the world. The third section outlines contributions that provide different explanations for the policy diversity that followed the Latin American Pink Tide. Finally, the fourth section positions the contribution of this dissertation toward the reviewed literature.

Before moving forward, it is important to note that the following chapters also engage with the related literature in order to address their specific research questions. Therefore, this chapter performs a complementary role, seeking to reinforce the theoretical connection between the articles in this dissertation and the related political economy debates.

2.1 Political parties and economic policymaking: towards an irreversible convergence?

The investigation of why countries follow different economic strategies is one of the main themes of comparative political economy (Hall and Soskice 2001; Gourevitch 1986). According to classic partisan theory, government partisanship is a major determinant of this kind of variation (Schmidt 1996). Drawing upon the experience of advanced industrial democracies in the post-war period, this approach expects left-wing parties to pursue expansionary fiscal and monetary policies, curbing unemployment to meet the economic interests and subjective preferences of lower income groups (Hibbs 1977). Following this rationale, right-wing parties are more willing to embrace a contractionary macroeconomic agenda as they prioritize inflation control to keep the support of upper income groups[8] (Hibbs 1992).

The assumption underlying the classic partisan theory is that governing parties have enough autonomy to follow their policy preferences (Keohane and Millner 1996). Throughout the Bretton Woods order, pervasive capital controls shielded this policy space from disruptive financial movements (Helleiner 1995; Kirshner 2003). However, from the 1970s onwards, fundamental changes in the structure of international production and financial intermediation made it easier for private investors to move their capital across borders[9] (Goodman and Pauly 1993; Guisinger and Brune 2017). The proponents of the so-called capital mobility hypothesis expect this permanent threat of capital flight to constrain the set of feasible economic policies,

[8] The rational partisan theory also assumes that left- and right-wing parties pursue opposite macroeconomic policies (Potrafke 2017). However, their ability to shape growth and unemployment is directly related to the amount of electoral surprise, approaching zero in the long-run (Alesina 1987; Alesina et al. 1997).

[9] As noted by Helleiner (1995) and Kirshner (2003), the increase of capital mobility is not only a result from technological changes and financial innovations, but also stems from state-led initiatives such as the decision of removing capital controls, the strong support for financial globalization by hegemonic powers like the US and United Kingdom, and the reinforcement of global financial supervision by the main central banks.

approximating the agendas of left- and right-wing parties (Andrews 1994; Andrews and Willet 1997).

In line with the capital mobility hypothesis, a survey of the empirical literature, conducted by Potrafke (2017), shows that the impact of government partisanship on different areas of public policy became less pronounced after the 1990s. With a focus on macroeconomic and capital account policies, Boix (2000) comes to a similar conclusion, but establishes the 1980s as the starting point of the reduction of partisan differences. Regarding the mechanisms underlying this process, empirical studies link the progress of financial globalization to the obfuscation of programmatic stances, the widespread erosion of tax capacity, and the credit downgrading of parties associated with expansionary policies (Barta and Johnston 2018; Lacewell 2017; Swank and Steinmo 2002).

Even with constraints imposed by capital mobility, Garrett (1995, 1998, 2000) puts forward that the impact of government partisanship on economic policymaking is still significant for countries with corporatist institutions and strong labor unions, which pressure left-wing parties to pursue expansionary policies even if this sends a negative signal to financial markets. Following a similar rationale, Oatley (1999) contends that partisan effects vary according to each country's exchange rate system, remaining relevant for fiscal policy under fixed regimes and monetary policies under flexible regimes[10]. Being closer to the capital mobility hypothesis, Kastner and

[10] Studies focused on developing economies also propose that partisan effects are conditional to the economic conjuncture. For instance, Maxfield (2000) argues that domestic factors like government partisanship may lose significance when international liquidity is falling. Doyle (2012), on the other hand, contends that debt crises revive partisan differences, motivating governments led by leftist parties to resume their resistance against privatization.

Rector (2005) argue that left-wing parties are still less likely to foster financial liberalization, but have lost their willingness to adopt restrictive policies on this matter.

Despite highlighting the resilience of partisan effects, the proponents of these adapted versions of the partisan theory acknowledge that the macroeconomic agendas of left- and right-wing parties became closer in the wake of globalization. As criticized by Hay (2000), the argument of Garrett (1995, 1998, 2000) implies that government partisanship would remain significant only for a small set of countries. This approach excludes, for example, dependent market economies, like most Latin American countries, which do not count with corporatist institutions and high unionization rates (Schneider 2013; Bizberg 2019).

Moving to a more substantive discussion, it is important to note that the programmatic convergence between mainstream parties was not a symmetrical process[11] (Mudge 2008, 2011, 2018). On the contrary, its driving force was another round of moderation by social democratic parties, which joined their right-wing competitors in the defense of neoliberal growth models[12] (Hopkin and Blyth 2019; Manwaring and Holloway 2021).

As mentioned in the introduction of this dissertation, the contested concept of neoliberalism refers to a set of ideas and policies that aim to expand the realm of the market by institutionalizing trade and financial openness, promoting external and internal competitiveness, and ensuring the credibility of economic policymaking with financial markets (Ban 2016; Ostry et al. 2016). When

[11] Drawing upon the analysis of electoral platforms in 22 advanced industrial democracies from 1945 and 2004, Mudge (2011), shows that the rightward move of social democracy took place not only in Anglo-liberal countries, but also in Continental, Nordic, and Southern European countries.

[12] As noted by Mudge (2008), a good illustration of this asymmetrical convergence can be found in an argument put forward by Williamson (1993), according to whom the questioning of neoliberal core tenets should have the same audience of the belief that Earth is flat.

it comes to intellectual origins, the gestation of neoliberalism took place within an Anglo-American network of knowledge producers, which relied on neo-Austrian and monetarist economic thinking to advocate for a smaller role for the state (Fine and Saad Filho 2017; Mudge 2008). In the late 1970s and early 1980s, these ideas became the cornerstone of the programme of right-wing parties, which blamed the Keynesian paradigm for stagflation and pledged to roll back the institutional foundations of the economic interventionism underlying the Bretton Woods order (Eagleton-Pierce 2019; Peck and Tickell 2002).

In face of the crisis of the Bretton Woods order and the competitive dynamics of catch-all electoral systems, social democratic parties reacted to the right-wing offensive by adopting a new platform, the so-called Third Way (Benedetto et al. 2020; Hopkin and Blyth 2019; Merkel et al. 2008; Mudge 2011). At the level of discourse, instead of presenting itself as an alternative to capitalism and communism, the Third Way tried to take the narrow path between radical neoliberalism and corporatist social democracy (Giddens 1999; Merkel 2000). In ideological terms, this meant the acceptance of a relevant reduction of the scope of macroeconomic interventions, the defense of market-led development strategies, and the adoption of a positive attitude towards globalization (Cerny 2008; Kriesi et al. 2006; Mudge 2008). This adherence to the core features of the neoliberal agenda was complemented by a new approach to social protection, which aimed to mitigate poverty and marginalization without excessively distorting the market mechanism (Arndt and Kersbergen 2015; Green-Pedersen and Kersbergen 2002). During the 1990s and 2000s, social democratic parties in advanced industrial democracies embraced the Third Way programme, obtaining important electoral triumphs in both Continental European and Anglo-American countries (Manwaring and Holloway 2021; Mudge 2011).

The vast literature about the rise of the Third Way sheds light on two complementary policy implications. On one hand, it emphasizes the alignment with neoliberalism, making reference to the depoliticization of economic policymaking, the endorsement of free trade, the deregulation of financial and labor markets, and the retrenchment of social security (Allen 2009; Burnham 2001, 2017; Kriesi et al. 2006; Mudge 2008). On the other hand, it highlights that Third Way parties remained different from their right-wing competitors. For instance, Arndt and Kersbergen (2015), Green-Pedersen and Kersbergen (2002), and Boix (2000) show that Third Way governments tried to compensate for the erosion of social safety nets with a new supply-side agenda, which included the expansion of investments in human capital, an emphasis on labor reconversion, and the concession of fiscal incentives tied to job creation. Similarly, Smith (2014) argues that Third Way administrations took advantage of their credibility with financial markets to fund expansionary macroeconomic policies, forging a privatized Keynesianism that culminated in the 2007 crisis[13]. To characterize this hybridity, Cerny (2008) and Mudge (2018) respectively use terms such as embedded neoliberalism or neoliberalized leftism.

This asymmetrical convergence between mainstream parties was not an exclusivity of advanced industrial democracies. In Latin America, for example, the adoption of neoliberal policies began in the early 1970s when right-wing military dictatorships in Argentina and Chile weaponized economic liberalization to weaken labor unions that were the core supporters of leftist parties (Gwynne and Kay 1999; Macdonald 2018). After that, during the 1980s and 1990s, the exhaustion of the import-substitution industrialization, the inflationary pressures, and the recurrent

[13] After that, Third Way parties further rebalanced their platform, giving more importance to social protection while reinforcing their commitment to fiscal austerity (Bremer 2018; Bremer and McDaniel 2020).

financial instability further constrained national policy space, paving the way for the prevalence of neoliberalism until the end of the twentieth century (Grugel and Riggirozzi 2012; Ocampo and Bertola 2012). In this new context, since the mid-1980s, governments led by parties affiliated to the Socialist International or self-identified as social democrats have adopted a new agenda, which included the privatization of state-owned companies, the commitment to macroeconomic orthodoxy, and the removal of financial restrictions and trade barriers[14] (Levitsky 2003; Power 2001; Soederberg 2002; Thacker 1999). Among the consequences of embracing this Third Way programme, scholars like Kingstone and Young (2009), Lupu (2014, 2018), and Roberts (2012) list the dilution of party brands, the dealignment of electoral competition, and the erosion of policy differences between left and right[15].

In other regions, left-wing parties also moved towards the center. In South Africa, for instance, the African National Congress took a neoliberal turn in the mid-1990s, combining an orthodox macroeconomic regime with targeted social policies (Alami 2019; Fine and Saad Filho 2017). Similarly, in Central and Eastern Europe, rebranded socialist parties adhered to the Third Way agenda as part of an attempt to overcome the connection to previous communist regimes and speed up the integration into the European Union (Scheiring 2020; Spirova 2008; Waller 1995).

2.2 Post-neoliberalism in Latin America and beyond

[14] Cardoso (2009) and Evans (2009) use the term "globalized social democracy" to characterize and defend the adaptation of social democratic platforms to market-led development.

[15] Kingstone and Young (2009) argue that left- and right-wing parties kept pursuing similar economic policies during the Pink Tide period. However, their empirical analysis relies on data from 1975 to 2003, overlooking the vast majority of post-neoliberal experiences across Latin America.

Despite the support of mainstream parties, the implementation of neoliberal policies was far from being consensual. Throughout the 1990s and the early 2000s, as a result of the widespread eruption of financial crises, neoliberalism became growingly questioned in emerging and developing countries, leading to varied forms of reaction[16] (Chodor 2015; O'Hara 2010). In Latin America, for example, governments faced popular protests against privatization, denationalization, and social deterioration (Beasley-Murray et al. 2009; Ferrero 2017; Veltmeyer and Wise 2018). In a similar vein, the association with financial instability slowed down economic liberalization in Asian countries, paving the way for the spread of defensive economic policies[17] (Gallagher 2015; Grabel 2017). Even on the international stage, there were successive demonstrations against global trade negotiations, like the so-called Battle of Seattle surrounding the 1999 Ministerial Conference of the World Trade Organization (Chodor 2015; Levien and Paret 2012).

After the 2007 Global Financial Crisis, dissatisfaction with neoliberalism also became prevalent in advanced industrial democracies. In the United States, the Occupy Movement and the candidacy of Bernie Sanders blamed neoliberal reforms like financial deregulation for increasing inequality and instability, while Donald Trump associated the country's decline with excessive trade liberalization (Dangl 2010; Rodrik 2018). A similar contestation of neoliberal growth models took place in Europe, fuelling the support for populist parties across the region (Hopkin and Blyth 2019). In Southern Europe, left-wing populists identified fiscal austerity with neoliberalism, defending the return of expansionary macroeconomic policies (Font et al. 2021; Padoan 2021). In

[16] According to Levien and Paret (2012), throughout the 1990s, there was an increase of the support for government ownership and state responsibility for welfare in the Global South and former communist countries.
[17] Despite acknowledging the role of the US foreign policy, Chodor (2015) also ties the strengthening of Islamic movements in the Middle East to the negative dislocations caused by market reforms.

Central Europe, on the other hand, right-wing populists criticized the loss of sovereignty that followed market reforms, committing to nationalist economic policies (Bluhm and Varga 2019; Toplišek 2020).

Scholars like Chin and Mittelman (1997), Evans (2015), Goodwin (2018), among others analyze this backlash against neoliberalism through a Polanyian lens. For Polanyi (2001), the capitalist system evolves around the double movement, namely the permanent tension between two antithetical organizing principles: the impulse for marketization and the resistance of society against the subordination to self-regulating markets (Bohle and Greskovits 2012). Based on this general framework, Polanyi (2001) contends that the rise of economic liberalism in the late nineteenth century caused enormous dislocations, motivating protective reactions from diverse social groups. The emergence of these so-called counter-movements fuelled political instability in the early twentieth century, feeding the support for different alternatives to economic liberalism such as fascism, socialism, and social democracy (Dale 2012).

Transposing this argument to the analysis of neoliberalism, Levien and Paret (2012) and Sandbrook (2011) argue that the push for marketization in the late twentieth century also deepened socioeconomic insecurities, fostering another round of counter-movements. According to Sankey and Munck (2016) and Scheiring and Szombati (2020), as observed in the previous swing of the double movement, these new protective reactions are expected to break with institutional standardization, forging policy responses that will vary across countries depending on the specific grievances of each social group and their mobilization by political parties.

After being a laboratory for neoliberalism in the early 1970s, Latin America was also a precursor in the translation of counter-movements into electoral victories of alternative political projects (Chodor 2015; Grugel and Riggirozzi 2012, 2018). As mentioned in the introduction, from the late 1990s to the mid-2010s, leftist parties that opposed market reforms entered office in most Latin American countries. This Pink Tide motivated a broad political economy literature that assessed the different dimensions of the Latin American experience to reflect on the limits and potentialities of the contestation of neoliberal hegemony at the capitalist periphery.

When it comes to coalition-building, for example, Saad Filho (2007) and Wylde (2016) show that the shift to neoliberalism harmed a broad set of interests, creating an opportunity for heterogeneous alliances. As expected, the immediate losers of economic liberalization were the popular sectors, which experienced higher unemployment, comparatively lower wages, and reduced participation in technocratic decision-making (Ferrero 2017). Therefore, as highlighted by Etchemendy (2021) and Veltmeyer and Wise (2018), the opposition to neoliberalism was rooted in a diverse set of popular organizations, including labor unions, territorial social movements, and indigenous groups.

In addition to these core constituencies, the leftist parties that resisted market reforms were gradually able to attract supporters from other social groups. For instance, according to Wylde (2018), despite initially backing neoliberal leaders to achieve price stability and access to cheaper imports, the middle classes were gradually alienated due to economic stagnation and public sector job cuts. Similarly, Boito and Berringer (2014) and Loureiro (2018) argue that domestic business groups, especially inward ones, grew dissatisfied with the removal of trade barriers, the demise of industrial policies, and the orthodox preference for a strong currency[18].

[18] In this regard, Loureiro (2018) points out that the Pink Tide coalitional strategy resembled post-war corporatism in the intent of forging a long-term pact between labor and national capital.

There are also studies that shed light on the aspects that prevented a complete rupture with neoliberalism in Latin America. In this sense, Arditi (2008) and Beasley-Murray et al. (2009) contend that democratic institutions helped to moderate the programme of leftist parties, which accepted the basic parameters of a market economy in return for the transition from authoritarian rule. Taking an outside-in perspective, Strange (2014) emphasizes that the context of enduring globalization has created new possibilities and imperatives for progressive projects, motivating them to make use of the market mechanism to achieve their developmental goals.

In a similar vein, it is worth considering the constraints that were a direct consequence of neoliberalism. According to Bogliaccini (2013) and Duran et al. (2017), the impulse for economic liberalization contributed to the progress of deindustrialization across Latin America. As discussed by Flores-Macias (2012) and Ruckert et al. (2017), the decline of the manufacturing sector curbed the margin of maneuver of leftist governments by deepening the dependency upon primary exports and weakening the mobilizational capacity of organized labor.

Following a similar rationale, Panizza (2005) and Stalling and Peres (2011) argue that some aspects of the neoliberal agenda like the commitment to low inflation counted with widespread support, especially among middle classes, motivating their maintenance even by opponents of market reforms. Going even further, Kingstone and Young (2009) contend that government partisanship had lost its significance for a wide range of policies across Latin America, making leftist parties unable to break with any of the neoliberal prescriptions.

Against this background, Grugel and Riggirozzi (2012, 2018), Yates and Bakker (2014), Wylde (2012, 2016), among others propose the notion of post-neoliberalism to depict the political-ideological projects that emerged within the Latin American left as a response to the repercussions of market reforms. Based on these scholars, as mentioned in the introduction, post-neoliberalism can be defined as a set of ideas and public policies that aim to resubordinate market economy and political institutions to social concerns without breaking with all dimensions of inherited neoliberal governance.

According to the framework put forward by Grugel and Riggirozzi (2012), the post-neoliberal agenda is composed of two pillars. In the political sphere, it seeks to go beyond the liberal script of representation (Arditi 2008; Beasley-Murray et al. 2009). This call for a new kind of politics may take various forms – with different and sometimes opposite implications for liberal democracy – such as the reconstruction of corporatist bargains, the political inclusion of marginalized groups, the impulse for plebiscitarian politics, and the reliance on polarizing populism (Handlin 2018; Loureiro 2018).

Moving to the economic pillar, the rise of post-neoliberalism means the return of the state as a central actor and the critical reassessment of the different legacies of neoliberalism (Yates and Bakker 2014). Even though this search for policy alternatives does not entail the complete reversal of market reforms, it is expected to lead to relevant discontinuities (Macdonald and Ruckert 2009).

Even though the specific content of the post-neoliberal agenda varies according to the context of each country, the literature on the Latin American Pink Tide lists the most recurrent economic policies. Among the breaks with neoliberal prescriptions, it cites the renationalization of privatized companies, the resurgence of industrial policies, the strengthening of labor market regulations, and the extension of social protection (Flores-Macias 2012; Levitsky and Roberts 2011; Weyland 2010). On the other hand, when it comes to the continuities with neoliberalism, studies refer to the safeguarding of trade openness and the retention of at least some orthodox macroeconomic policies (Grugel and Riggirozzi 2012, 2018; Sankey and Munck 2016).

In face of these contradictory features, it is important to distinguish post-neoliberalism from Third Way's embedded neoliberalism. As highlighted by Macdonald and Ruckert (2009) and Yates and Bakker (2014), despite preserving some legacies of market reforms, post-neoliberalism presupposes at least a partial violation of the core tenets of neoliberal governance. In the case of embedded neoliberalism, as defined by Ban (2016), there is no contestation of the fundamentals of the neoliberal agenda, but only an attempt to mitigate its negative repercussions through the internalization of social policies within neoliberal logics[19].

The ability to capture policy hybridity is an advantage of post-neoliberalism in comparison to other terms that seek to describe the implications of the Latin American left turn[20]. For instance, the notion of neo-extractivism, as adopted by Katz (2015), Svampa (2015), and Veltmeyer and Petras (2014), takes the channeling of extraordinary commodity rents into higher wages and welfare benefits as the key consequence of the Pink Tide. This approach emphasizes some continuities with neoliberal growth models such as the dependency upon primary exports and the lack of concern with environmental degradation, paying little attention to (failed) attempts to upgrade the productive structure. In a similar vein, the use of neo-developmentalism, as proposed by Bresser-Pereira (2011), Leiva (2008), and Petras and Veltmeyer (2007), supposes an adaptation

[19] Even though the notion of post-neoliberalism has a broader application, it approaches the concept of liberal neo-developmentalism regarding the relationship with inherited neoliberal governance. Drawing upon the experience of Brazil under the Workers' Party, Ban (2012) characterizes liberal neo-developmentalism as the partial replacement of core neoliberal tenets with neo-developmentalist goals and policy tools.
[20] As outlined by Veltmeyer and Wise (2018), Latin American post-neoliberal projects relied on a heterogeneous set of economic ideas such as dependency theory, socialism, neo-structuralism, post-development, and *Buen Vivir*.

of post-war developmentalism to the era of globalization, overestimating the Pink Tide commitment to reindustrialization and the feasibility of a new corporatist pact between national capital and organized labor.

Moving beyond Latin America, it is possible to rely on the concept of post-neoliberalism to characterize political-ideological projects from other regions that were also rooted in counter-movements against neoliberal reforms[21] (Lather 2020; Toplišek 2020; Sandbrook 2011). In this regard, since the Global Financial Crisis, there was a growing contestation against Third Way social democracy within the leftist camp, creating an opportunity for post-neoliberal agendas (Frega 2021; Manwaring and Holloway 2021).

In Southern Europe, for instance, leftist organizations like Left-Green Movement (Iceland), Podemos (Spain), Left Bloc (Portugal), and SYRIZA (Greece) blamed mainstream parties for the financial crisis and the subsequent fiscal austerity (Gómez et al. 2016; Wylde 2016; Roberts 2019). Besides the positive references to the Latin American Pink Tide, the platform of these parties shows a clear alignment with post-neoliberalism, including the defense of participatory democracy, the criticism of deregulated financial markets, the resistance against welfare cuts, and the positive attitude toward state ownership[22] (Alvarez 2019; Font et al. 2021). Moreover, like their Latin American counterparts, Southern European post-neoliberals accepted to gradually

[21] To some extent, the use of post-neoliberalism to reflect about heterogeneous reactions against neoliberalism resembles what Alami et al. (2022) refers as *problématique* in their recent debate about state capitalism, that is, a departure from rigid boundary-making that aims to encourage cumulative theory-building.
[22] As noted by Chodor (2015), South Africa's Economic Freedom Fighters also gained electoral support by criticizing the implementation of a Third Way agenda that has characterized the administrations led by the National African Congress.

moderate their demands to win elections or build coalitions with social democratic parties, paving the way for an incomplete rupture with the neoliberal script (Padoan 2021; Santos 2018).

The notion of post-neoliberalism can contribute to the analysis of the recent leftward shift of social democratic parties. As discussed by Manwaring and Holloway (2021), since the mid-2000s, these parties have gradually moved away from Third Way politics by emphasizing the need for stronger market regulation, the defense of sustainable development, and the support for labor unions. The trajectory of Jeremy Corbyn in the United Kingdom's Labour Party, the social democratic government led by Jóhanna Sigurðardóttir in Iceland, and the socialist government led by Pedro Sanchez in Spain are examples that indicate the possibility of a post-neoliberal social democracy[23] (Santos 2018; Sigurgeirsdóttir and Wade 2015; Worth 2019).

As much as social democratic parties adopted neoliberal policies in the late twentieth century (Mudge 2008, 2011, 2018), right-wing parties may also embrace a post-neoliberal agenda depending on the context (Davies and Gane 2021). In this sense, following the 2007 crisis, right-wing populists parties obtained electoral triumphs in East-Central European countries like Hungary and Poland by blaming excessive marketization and technocratic politics for the loss of national sovereignty and the recurrent financial instability[24] (Toplišek 2020; Scheiring 2021). Among the initiatives that challenged the neoliberal economic toolkit, scholars like Ban and Bohle (2021), Bluhm and Varga (2019), and Bruszt and Karas (2019) highlight the partial abandonment

[23] Even though the Democratic Party is not a social democratic organization, its leading role in the rise of the Third Way allows including the defeated candidacy of Bernie Sanders as an example of post-neoliberal alternatives that appeared within mainstream left-of-center parties (Worth 2019).
[24] Without the same electoral success, right-wing populists like Independent Greeks, National Front (France), and True Finns also embrace economic nationalism as a response to the socio-political dislocations caused by market reforms (Colantone and Stanig 2019; Zulianello 2020).

of macroeconomic orthodoxy, the selective return of industrial policy, and the attempt to boost domestic ownership in the banking sector[25]. In the realm of political institutions, there was also an attack on liberal democracy, which included the erosion of checks-and-balances, the use of plebiscitarian appeals to boost polarization, and the deterioration of minorities' rights (Enyedi 2016; Greskovits 2020; Vachudova 2020).

Before concluding this section, it is worth emphasizing that left- and right-wing post-neoliberal parties follow different and sometimes opposite strategies to resubordinate market economy and political institutions to societal concerns. In other words, they share the willingness to violate some of the core tenets of the neoliberal agenda but diverge regarding the specific content of these violations. On one hand, these policy differences are similar to the ones that separated right-wing neoliberals and Third Way social democrats in issues like poverty reduction and social investment (Arndt and Kersbergen 2015; Garrett 1995, 1998, 2000; Green-Pedersen and Kersbergen 2002). On the other hand, the heterogeneity among post-neoliberal experiences is more pronounced, approaching what Grabel (2017) defines as productive incoherence, that is, a multiplicity of partial and inconsistent discontinuities with neoliberalism, breaking with policy uniformization, but falling short of producing a global alternative to neoliberal governance.

[25] Besides post-neoliberalism, there are alternative concepts to describe the adoption of economic nationalism by right-wing populists. However, as observed in the case of left-wing post-neoliberalism, the notion of conservative developmental statism (Bluhm and Varga 2019) tends to overestimate the rupture with neoliberal tenets, while terms like national-neoliberalism (Ban et al. 2021), national-populist neoliberalism (Scheiring 2022), and authoritarian neoliberalism (Fabry 2019a, 2019b) end up emphasizing the continuities with neoliberal governance.

2.3 Implications of Latin American Pink Tide: assessing the drivers of policy diversity

Despite capturing the policy changes that resulted from the Latin American Pink Tide, the concept of post-neoliberalism is not enough for distinguishing between the different leftist strategies (Wylde 2016). In this sense, the political economy literature uses to classify the Latin American post-neoliberal experiences into two opposite camps[26].

The moderate current encompasses administrations that safeguarded the legacy of most market reforms, seeking to conciliate macroeconomic orthodoxy with the expansion of social protection, the strengthening of labor unions and collective bargain, and the resurgence of industrial policies (Weyland 2010; Campello 2015; Flores-Macias 2010, 2012). In regards to political institutions, this variety of post-neoliberalism also kept the incorporation of marginalized groups within the limits given by liberal democracy (Handlin 2018, 2021; Levitsky and Roberts 2011; Weyland et al. 2010). The experiences that came close to this ideal-type description were Chile under the Socialist Party and Uruguay under the Broad Front, but cases like Peru under the Nationalist Peruvian Party, and Brazil under the Workers' Party, among others, are also associated with the moderate camp.

[26] Despite providing similar descriptions, scholars make different terminological options to label these camps such as: moderate versus contestatory (Weyland 2010), pro-market versus statist (Flores-Macias 2010, 2012), pragmatic versus populist (Handlin 2018, 2021), and even good versus bad left (Castañeda 1994). For the sake of simplification, I follow Weyland's (2010) terminology throughout this section.

The contestatory current, in its turn, covers governments that challenged the constraints imposed by globalization, aiming to displace most of the neoliberal agenda[27] (Weyland 2010). Alongside the impulse for social and industrial policies, the contestatory left made use of more interventionist initiatives such as the nationalization of strategic sectors and the abolishment of central bank independence (Campello 2015; Flores-Macias 2010, 2012). However, as noted by Weyland (2010), it remained far from the traditional leftist programme, foregoing a systematic assault on market economy and capitalist property. Another feature of this post-neoliberal variety was the conflictive relationship between political opposition and liberal democracy, which led to the draft of new national constitutions and the recurrent calls for referendums (Handlin 2018, 2021; Levitsky and Roberts 2011; Weyland et al. 2010). The experience that comes close to this ideal-type characterization is Venezuela under Chavism, but cases like Bolivia under the Movement for Socialism, Ecuador under the PAIS Alliance, and even Argentina under Kirchnerism are associated with the contestatory current[28].

In light of this classificatory scheme, political economy studies put forward a number of theories about the causes of the aforementioned policy diversity. These contributions follow a similar structure in which a key condition or variable explains the choice between contestatory and moderate post-neoliberalism.

[27] Some scholars like Flores-Macias (2012) and Levitsky and Roberts (2011) also use the term heterodox to characterize strategies that depart from moderate post-neoliberalism, but keep distance from some radical initiatives, especially in the realm of political institutions.

[28] Combining the insights from the Regulation School and Varieties of Capitalism, Bizberg (2016, 2019) associates Pink Tide experiences to two development models: socio-developmentalist capitalism, which covers cases like Argentina, Brazil, and Uruguay; and redistributive rentier capitalism, which covers cases like Bolivia, Ecuador, and Venezuela.

A relevant part of these studies pays attention to the role of political conditions. For instance, Biglaiser (2016) argues that leftist administrations can go further in their rupture with neoliberal policies when holding a clear political mandate, which depends on obtaining a landslide electoral victory and counting on a legislative majority.

With a focus on the role of institutional constraints, Flores-Macias (2010, 2012) contends that the degree of party system institutionalization is directly related to the moderation of post-neoliberal governments. Two mechanisms underlie this argument. First of all, highly institutionalized party systems are likely to favor the rise of insider candidates that show a record of political commitments, being less willing to alter the status quo through drastic measures. Additionally, institutionalized systems are expected to provide centripetal incentives – like the expectation of repeated interactions and the existence of consistent rules and bases of supporters – that encourage consensus-building across opposite parties.

Following a similar rationale, Roberts (2012) proposes an explanation centered on the programmatic alignment of partisan competition during the implementation of market reforms in the 1980s and 1990s. According to his theory, the adoption of a neoliberal agenda by left-of-center governments was programmatically dealigning for party systems, paving the way for the emergence of leftist outsiders that embraced contestatory post-neoliberal strategies. Conversely, when the left remained in opposition, the alignment of party systems was expected to channel societal resistance against market reforms into institutionalized forms of competition, moderating the policy reorientation under post-neoliberalism.

Bringing organizational factors into the analysis, Handlin (2016, 2021) explains the emergence of contestatory post-neoliberal governments as a result of the conjunction of state crises before the left turn period and the strength of the extant infrastructure of left-wing political mobilization at the beginning of the post-Cold War era. In his framework, state crises refer to a widespread loss of confidence in state authority, while the infrastructure of leftist politics comprises seasoned left-wing politicians and strategists as well as anti-neoliberal social movements. In brief, the context of a state crisis creates an opportunity for anti-systemic appeals, while the previous existence of a leftist infrastructure incentivizes outsiders to embrace a polarizing strategy instead of seeking moderate allies.

Despite acknowledging the relevance of political factors, some studies trace Pink Tide's policy diversity to the composition of each country's economic structure. For instance, Weyland (2009) argues that the control over large commodity rents is a crucial enabler of contestatory post-neoliberalism. The mechanism underlying his argument is that the access to windfall natural resources eases short-term economic constraints, paving the way for riskier policies that constitute a radical departure from neoliberal governance. According to this rentier state theory, the torrent of revenues also undermines the relevance of supply-side issues like productivity and competitiveness, putting redistribution at the center of the political debate.

Campello (2015) gives similar importance to the role of economic constraints, but analyzes them from the perspective of financial markets. In her theory, the chosen post-neoliberal strategy depends on the country's levels of financial integration and exposure to cycles of currency booms and busts. In highly integrated countries, the threat of capital flight is relatively stable, creating strong incentives for preserving orthodox macroeconomic policies even amid periods of boom. Consequently, leftist governments are expected to adopt a moderate strategy, leaving policy experimentation for microeconomic initiatives like the increase of social investment and the return of industrial policies. On the other hand, in less integrated countries, the policy space follows the fluctuations of the currency cycle: in bad times, leftist administrations embrace macroeconomic orthodoxy to access external sources of funding; in good times, leftist governments use the extra room for maneuver to implement a radical rupture with neoliberal prescriptions.

Despite their differences, the studies reviewed in this section have the same starting point, namely the classification of each government's post-neoliberal strategy by aggregating several policy issues such as macroeconomic management, social protection, and political reforms, among others. The key advantage of this approach is the capacity to offer general theories about the drivers of post-neoliberal diversity, shedding light on the main regularities across the different national experiences. However, it comes with the cost of overlooking the heterogeneity across policy issues. For example, despite being a flagship case of moderate post-neoliberalism, Uruguay under the Broad Front was one of the experiences that most reinforced centralized wage bargains, keeping strong ties with labor unions throughout its governments (Etchemendy 2019). Similarly, the contestatory strategy adopted by Bolivia's Movement for Socialism did not include a break with macroeconomic orthodoxy, especially regarding fiscal policymaking (Wolff 2016).

It is also possible to identify shortcomings in the mechanisms underlying the reviewed theories. For example, the focus on the margin of electoral victory and the extension of legislative support, as proposed by Biglaiser (2016), overlooks the specific content of electoral platforms and the role of non-elected actors in the pursuit of institutional change, failing to describe relevant cases like Uruguay under the Broad Front, a moderate administration with a mandate, and Venezuela during the first Chavez presidency, a contestatory government without a mandate. In a similar vein, Handlin (2018, 2021) overestimates the strength of leftist infrastructure in Bolivia, Ecuador, and Venezuela at the end of the Cold War era in order to set the stage for the rise of contestatory post-neoliberalism in these countries.

In the argument of Flores-Macias (2010, 2012), the emphasis on the level of party system institutionalization at the start of the post-neoliberal experiences implies an excessive path-dependency, facing difficulties to explain the moderation of the Peruvian case and the strong differences between Argentina and Brazil. This issue is even more pronounced in the theory of Roberts (2012), who offers little explanation for the lack of contestatory post-neoliberalism in countries like Costa Rica, Peru, and Chile, where left-of-center parties embraced market reforms.

Moving to the studies centered on economic structure, Weyland (2009) and Campello (2015) are unclear about what enables contestatory post-neoliberalism[29]. For example, according to Weyland (2009), the key factor is the governmental control over large commodity rents, however, this is not enough to explain why the insulation of copper revenues through a stabilization fund led Chile's Concertácion to adopt moderate policies, while the insulation of gas revenues in the form of foreign control had the opposite effect on Bolivia's Movement for Socialism. Finally, in the case of Campello (2015), the framework based on currency cycles offers little help in understanding the resilience of economic statism in Argentina, Bolivia, and Venezuela after the end of the commodity boom.

[29] Combining some of the reviewed contribution, Mazzuca (2021) argues that the emergence of contestatory post-neoliberalism requires the conjunction of a weak party system, large commodity rents, and little access to global capital markets. As expected, this framework deepens the shortcomings associated to an excessively path-dependent theory.

2.4 Contextualizing the dissertation within the reviewed literature

This chapter presented a brief panorama of studies about the partisan effects on economic policymaking, the concept of post-neoliberalism, and the drivers of policy diversity in the wake of the Latin American Pink Tide. Before moving forward, it is worth outlining how the articles in this dissertation fit into these literature strands.

In general, my research departs from the Pink Tide literature as well as the studies aligned with the capital mobility hypothesis and the partisan approach to how the management of capital flows is treated. Specifically, instead of assuming full capital mobility as an exogenous constraint, I take external financial policymaking as a dependent variable that varies according to domestic political conditions even in the context of emerging and developing economies. As a result, despite acknowledging the pressure exerted by globalization, I bring the agency of political parties and policymakers back to the center of the analysis, putting less emphasis on the structural power of financial and business interests.

In regards to the literature centered on government partisanship, the first paper shares the same focus on what is left for the left, seeking to assess if left-wing governments remained able to pursue distinctive economic policies after the implementation of market reforms. However, instead of focusing on the experience of social democratic parties in high-income economies, it takes advantage of the ideological diversity within the Latin American left to compare post-neoliberal and Third Way parties in regards to capital account regulation, investigating to what extent left-wing governments embrace different and even opposite political-ideological projects.

When it comes to the debate about post-neoliberalism, my three studies shed light on what post-neoliberal hybridity means in the context of capital flow management, using this overlooked topic to add to the reviewed attempts of conceptualizing this political-ideological project. In a similar vein, by discussing the motivation underlying the use of different policy tools, my research assesses what drives the extension of the post-neoliberal challenge to economic orthodoxy. Furthermore, this dissertation departs from the dominant focus on the Latin American left, building a cross-regional comparison between left- and right-wing varieties of post-neoliberalism.

Finally, when it comes to the works centered on the policy diversity that followed the Latin American Pink Tide, this dissertation focuses on the drivers of financial policymaking, departing from previous studies that opted for aggregating heterogeneous policy issues. Moreover, by emphasizing the role of ideas and socio-political coalitions, my theoretical framework brings more agency to a literature that takes policy diversity as a result of institutional and structural factors.

3. The Reregulation of Capital Flows in Latin America: Assessing the Impact of Post-Neoliberal Governments[30]

Since the dismantlement of the Bretton Woods order, capital mobility has increased around the world through the mutual reinforcement between growing cross-border financial flows and capital controls' removal (Kirshner 2014; Obstfeld and Taylor 2004). As this process had repercussions for macroeconomic policymaking, political economists began to discuss the implications for the role of government partisanship. Specifically, the proponents of the capital mobility hypothesis argued that growing pressures from global financial markets would lead to a gradual erosion of the differences between right-wing and left-wing parties (Andrews 1994; Keohane and Milner 1996), while the supporters of the partisan approach contended that left-of-center parties would still be more inclined to adopt expansionary and interventionist economic measures (Bearce 2002; Garrett 1995, 2003; Kastner and Rector 2003, 2005).

In the case of capital flow management, on one hand, as expected by the capital mobility hypothesis, policy uniformization has progressed after many countries took liberalizing measures during the 1980s and 1990s (Crotty and Epstein 1996; Chwieroth 2007a, 2007b; Ban 2016). On the other hand, numerous countries have avoided fully opening their capital accounts, managing to keep relevant levels of capital controls, especially amid periods of financial instability (Chinn and Ito 2006; Fernandez et al. 2016; Grabel 2017).

[30] An earlier version of this chapter was published by Review of International Political Economy (see Silva 2021a).

Considering that this cross-country divergence may stem from multiple causes, this article discusses to what extent government partisanship still shapes cross-border financial regulation. Moreover, as left-of-center parties vary in their historical and ideological background, it also seeks to assess if the effect of government partisanship is contingent on the specific content of party ideologies.

In this regard, there are important reasons to pay attention to Latin America. Firstly, contrary to Europe, where mainstream social-democratic parties led most of the progressive administrations, two groups of left-of-center parties went to power in Latin American countries, pushing for different and sometimes opposite economic policies. One group is composed of members of the Socialist International – a worldwide organization of social-democratic parties – like the Democratic Action (Venezuela), the Party for Democracy (Chile), and the National Liberation Party (Costa Rica). Like their counterparts in advanced industrial democracies, these parties adhered to the Third Way agenda, embracing economic liberalization and macroeconomic orthodoxy (Kirby, 2003; Sandbrook et al., 2007; Vasconi and Martell, 1993). Another group includes the affiliated to the São Paulo Forum – a regional organization created in the early 1990s to strengthen the resistance against imperialism and neoliberalism – such as the Farabundo Martí National Liberation Front (El Salvador), the Movement for Socialism (Bolivia), and the Workers' Party (Brazil). Despite having different ideologies and trajectories, these parties share the commitment to the so-called post-neoliberalism, a political-ideological project that seeks to revert or at least amend inherited neoliberal practices by redirecting market economy toward social concerns and reviving citizenship (Grugel and Riggirozzi 2012; Yates and Bakker 2014; Wylde 2018).

Additionally, the political economy literature on the Latin American Pink Tide – the turn to the left that took place from the late 1990s to the mid-2010s – lacks a systematic assessment of the effects of post-neoliberal governments on the degree of capital account openness across the region. For instance, scholars like Levitsky and Roberts (2011), Flores-Macias (2012), Yates and Bakker (2014), Campello (2015), and Wylde (2018) make only anecdotal references to some countries' capital controls without investigating them deeply. As the Pink Tide was a reaction to the negative consequences of neoliberalism, the rise of post-neoliberal parties could have led to one out of two opposite capital account policies: either the new governments could reregulate capital movements by deploying further controls, or they could keep the inherited levels of capital account openness in face of the costs of attempting to restrict cross-border financial flows.

Against this background, this article evaluates the impact of post-neoliberal parties on the level of capital controls in Latin American countries by estimating a time-series cross-section model for the period from 1995 to 2019. Besides this main empirical contribution, I also formulate a new version of the Capital Controls Index, proposed by Fernandez et al. (2016).

Building upon the literature on post-neoliberalism, I argue that Latin American post-neoliberal governments tended to increase the level of capital controls instead of merely adapting to the constraints imposed by financial globalization. There are three potential reasons for expecting a resurgence of capital controls under post-neoliberalism. Firstly, the reregulation of cross-border financial flows can be part of an effort to obtain further macroeconomic policy autonomy. Secondly, the tightening of capital flow management may meet the interests of constituencies and allies of the post-neoliberal political project. Finally, in some countries, the deployment of capital controls may also give concreteness to the rhetoric against financial and foreign interests. As these conditions are specific to post-neoliberal parties, it does not make sense to expect that other left-of-center administrations would reduce the degree of capital account openness.

The motivation for this research stems from Wylde (2014), who stated that it is not possible to understand the full nature of Latin American post-neoliberal project without analyzing how national policies intersect with global capital. Regarding the implications for the international debate, this article illustrates the conclusion of Crotty and Epstein (1996), according to whom the primary impediments to the deployment of capital controls are political instead of technical. In this sense, this study contributes by showing that political parties kept their relevance even in a context of growing capital mobility, and that left-of-center parties are not homogeneous on this policy issue.

Besides this introduction, the remainder of this article is organized as follows. The first section presents a literature review on the determinants of capital account policies, highlighting studies centered on Latin America. The second section introduces the literature about Latin American post-neoliberalism as a means to build the theoretical framework underlying the article. The third section discusses the measurement of the level of capital controls, proposing a reformulation of the Capital Controls Index. The fourth section evaluates the effect of post-neoliberalism on the level of controls through time-series cross-section econometrics. Finally, the fifth section summarizes the main findings of the article.

3.1 Literature review

Capital mobility can be defined as the ability of investors to move capital flows across national boundaries (Clark et al. 2012). Such ability is a function of the restrictions imposed by states in form of laws and norms, the so-called capital controls (Obstfeld and Taylor 2004; Epstein et al. 2005).

In this literature review, I opt to organize the drivers of the level of capital controls into five groups of explanatory variables: institutions, interests, ideas, political parties, and economic conjuncture. For each type of determinant, I highlight publications that make references to capital account regulation in Latin America.

When it comes to *institutions*, for example, different scholars argue that authoritarian regimes are likely to impose higher levels of capital controls due to three main reasons. Firstly, the liberalization of capital outflows offers an exit to domestic private capitalists, weakening autocratic political elites (Dailami 2000; Hirschman 1978). Secondly, the inflow of foreign capital may reshape the economic structure, mitigating the importance of governmental support for the most dynamic industries (Pepinsky 2008; Rajan and Zingales 1998). Finally, as democracies do not suffer from stigmatization in other spheres, they have more incentives to avoid the stigma of restricting capital mobility within the international community (Chwieroth 2015; Mosley 2010).

In the case of Latin America, however, Macdonald (2018) associates the capacity of implementing neoliberal reforms like the removal of capital controls with incomplete democratization. In line with O'Donnell's (1994) definition of delegative democracy, this conclusion stems from the various mechanisms adopted to shield democratic governments from societal pressures throughout economic liberalization. These mechanisms went from the insulation of policy experts to the repression of anti-neoliberal social movements (Weyland 1996, 2003; De La Torre 2014).

Besides political institutions, the provision of public goods and social protection by the government may also favor financial liberalization through the mitigation of its risks. According to the so-called compensation hypothesis, countries with higher public expenditure are more willing to remove capital controls (Rodrik 1998; Burgoon et al. 2012). In the case of Latin American countries, Brooks (2004) relates the underdevelopment of social protection to the prevalence of incomplete capital account liberalization in the region.

Moving to the role of *interests*, according to Li and Smith (2002), the level of capital controls can be an outcome of the balance of power among competing social groups. In this framework, the ability of interest groups to influence the level of capital controls is a function of their importance in the national economy as well as their access to policymakers.

To map sectoral preferences on capital flow management, it is possible to rely on the contribution of Broz et al. (2008), Frieden (1991) and Walter (2008, 2013) on the politics of the exchange rate. Such connection is straightforward since cross-border financial flows affect both the level and stability of the exchange rate (Blanchard 2017; Davidson 2002; Rodrik and Subramanian 2009).

Based on this approach, tradable producers like manufacturing industries are expected to support capital controls to keep a competitive and stable exchange rate (Blanchard 2017; Gallagher 2015; Rodrik and Subramanian 2009; Thirlwall 2002). In this regard, Blomberg et al. (2005) and Frieden and Stein (2001) make reference to the lobby of Latin American manufacturing producers for an undervalued currency, especially after the removal of trade barriers.

In some contexts, the domestic manufacturing industry can also favor an intermediate liberalization, benefiting from foreign direct investments while containing the related competition (Encarnation and Mason 1990). According to Brooks and Kurtz (2008, 2012), such trade-off between exchange rate competitiveness and access to foreign investments helps to explain, for example, why internationally-oriented manufacturing sector advocated for partial capital account liberalization in the most industrialized Latin American economies.

This attitude of manufacturing industries towards capital account openness in Latin America may also reflect the legacy of impost-substitution industrialization. In this sense, Etchemendy (2011) argues that business groups with higher economic and organizational power demanded compensation or protection to support economic liberalization, leading to hybrid arrangements in several Latin American countries. According to Oliveira (2019), after the rise of post-neoliberal left-wing governments in the early 2000s, manufacturing firms went even further by supporting restrictive measures toward the financial sector.

Despite being more favorable to capital account openness than manufacturing industries, domestic private banks may also have a dual position, accepting the full mobility of short-term capital flows, but demanding restrictions against foreign competitors (Haggard and Maxfield 1996; Mosley 2010; Pepinsky 2008, 2013). In line with this argument, Latin American private banks contributed to partial capital account liberalization, seeking government protection against the entrance of foreign competitors (Brooks 2004; Etchemendy and Puentes 2017).

The support for an open capital account tends to be stronger among firms that rely on an overvalued currency to accumulate foreign currency-denominated debts (Henning 1994; Broz et al. 2008). However, especially in countries with a high inflation record, workers and middle classes may also back capital account liberalization if they see a boom in capital inflows as an enabler of a strong currency and consequently increase the purchasing power (Broz et al. 2008; Gallagher 2015).

It is also possible to assess the relationship between interests and capital account policies from a historical materialist perspective. For instance, Soederberg (2002) contends that capital controls may serve to enable specific forms of capital accumulation by conciliating the needs of different capitalist factions. In a similar vein, Alami (2019) sheds light on the role of capital controls in the redistribution of the surplus between different sectors and the management of capital-labor antagonism.

Besides institutions and interests, there are studies centered on the role of *ideas* in the evolution of cross-border financial regulation. For example, since the dismantlement of the Bretton Woods order, neoclassical economics became the dominant paradigm among policymakers, supporting several market reforms. Thus, the participation of neoclassical economists in the government staff can help to explain capital account liberalization (Chwieroth 2007a, 2007b). Conversely, the presence of policymakers aligned with heterodox paradigms such as Post-Keynesian economics and Latin American structuralism favors the deployment of capital controls (Gallagher 2015).

Recently, the 2007 Global Financial Crisis also changed the ideational setting around capital flow management (Grabel 2017). For instance, mainstream economists aligned with the so-called new welfare economics admitted that capital controls may generate positive effects by correcting market failures like information asymmetries and pecuniary externalities (Korinek 2011). In face of this ideational change and the pressure from emerging economies' policymakers, even the IMF updated its institutional view and officially recommended cross-border financial restrictions as a last resort and temporary option to deal with massive inflows (Ostry et al. 2010; IMF 2012).

Being pivotal to translate ideas and preferences into policies, *political parties* shape different macroeconomic policies. In this regard, the classical partisan approach argues that right-wing and left-wing parties tend to adopt opposite economic policies, being the latter ones more inclined to expansionary and interventionist initiatives (Hibbs 1977). After the dismantlement of the Bretton Woods order, however, the capital mobility hypothesis predicted gradual erosion of these differences due to the growing pressures of the global financial markets (Andrews 1994; Keohane and Milner 1996).

Given this new context, some authors adapted the classical partisan approach, adding conditions to the maintenance of the differences between left-wing and right-wing parties. Garrett (1995, 2003), for example, concludes that government partisanship still matters for fiscal and monetary policies in countries with strong labor unions and corporatist institutions.

This literature has also adopted distinct perspectives on the relationship between government partisanship and capital flow management. Closer to the classical approach, Bearce (2002) argues that left-of-center parties are still more willing to impose capital controls to attend to the interests of specific economic sectors. Similarly, Kastner and Rector (2003, 2005) observe that government partisanship may shape capital account policies, but this impact is mediated by the international context, being stronger for right-wing parties committed to liberalization. On the other hand, Alfaro (2004) concludes that partisanship is relevant, but left-of-center policies depend on the endowments of each country.

In the case of Latin America, Kingstone and Young (2009) did not find any evidence that left-of-center parties had reverted market reforms, however, their sample years go from 1975 to 2003, overlooking most of the so-called Pink Tide period. In this regard, Yates and Bakker (2014) contend that post-neoliberal parties, which went to power during the Pink Tide, shared the option for expansionary policies despite their ideational and organizational differences. In contrast, Strange (2014) and Stallings and Peres (2011) observe that these governments adopted an intermediate strategy, aiming to regulate speculative financial flows as a means to safeguard financial and exchange rate stability.

The capacity of left-of-center parties to diverge from orthodox macroeconomic policies may also stem from intervening variables. Relying on this notion, Levitsky and Roberts (2011), Flores-Macias (2012), and Etchemendy and Puentes (2017) argue that the degree of economic interventionism depends on the organizational features of the left-of-center party, the institutionalization of party system, the degree of exposition to the global economic cycle, and the occurrence and deepness of currency crises.

In comparison to these scholars, Campello (2015) gives more relevance to capital flow management, although this does not save these regulations from occupying a switching position in her theoretical framework. For instance, in theory-building, the lack of cross-border financial restrictions is taken as uniform for all cases, functioning as an antecedent variable. In other moments, as in the case of Argentina, the different capital account policies seem to be an independent variable, helping to explain why countries pursued divergent economic policies. Finally, in the case of Venezuela, the author takes the level of capital controls as a dependent variable, which responds to the interaction between the global economic cycle and government partisanship.

Besides these approaches, it is possible to explain the evolution of the level of capital controls as a reaction to *economic conjuncture*. Regarding the impact of crises, Agnello et al. (2015) find that inflation and banking crises are the key determinant of capital account liberalization, while Leblang (1997), Pepinsky (2012) and Young and Park (2013) conclude that currency crises favor the adoption of financial restrictions like capital controls.

Specifically about the case of Latin American countries, Treisman (2004) sees marker reforms like financial liberalization as part of an attempt to overcome the resilience of inflationary pressures, while Edwards (2008, 2010) points out that recurrent external crises have been inversely related to the degree of economic openness across the region.

Still regarding the role of conjunctural factors, Remmer (2012) contends that the mid-2000s commodity boom was responsible for allowing Latin American countries to pursue statist, nationalist, and redistributive political projects. Besides creating further policy space, the commodity boom may also have increased the support for capital controls due to its impact on the level and stability of exchange rates (Gallagher and Prates 2016). Being more skeptical, Kaltenbrunner (2016) characterizes the recent deployment of capital controls by emerging and developing countries as a temporary response in face of strong capital inflows and the exhaustion of the conventional framework.

Before moving to the next section, it is important to highlight which aspects are missing in the reviewed literature. As mentioned in the introduction, this article focuses on the case of Latin

American countries, therefore, the literature gaps and the aimed contributions are discussed from this perspective.

Firstly, there is no systematic assessment of the impact of left-of-center governments on the level of capital controls in Latin America, especially in the case of post-neoliberal administrations. Such gap is not addressed by the existing studies as they discuss macroeconomic policies as a whole.

In terms of theory-building, the literature does not explore the relationship between chosen capital account policies and specific left-of-center political-ideological projects such as post-neoliberalism and Third Way. Similarly, there is also some confusion between party ideology and policy framing, especially in the countries where post-neoliberal administrations resorted to quiet politics as a means to mitigate the opposition to the deployment of capital controls.

In the next section, my main objective is to hypothesize the impact of post-neoliberal governments on capital account policies. This goal demands contextualizing the rise of post-neoliberal parties as well as their objectives and ideological foundations. Additionally, it is also important to contrast post-neoliberalism with other left-of-center projects in Latin America.

3.2 Theoretical framework

According to Ban (2016), neoliberalism can be defined as a set of ideas and policies that aim to expand the market realm by dismantling institutional arrangements that restrict its self-regulatory mechanism. This policy regime first arrived in Latin America under the military dictatorships of Chile and Argentina in the 1970s, becoming dominant in the 1990s (Macdonald and Ruckert 2009; Sankey and Munck 2016). In this context, even some left-of-center political parties – especially the ones affiliated to the Socialist International (SI), which embraced the Third Way agenda – adhered to economic liberalization and macroeconomic orthodoxy (Kirby 2003; Sandbrook et al. 2007; Vasconi and Martell 1993).

In terms of financial policies, as expected, the rise of neoliberalism led to the removal of most capital controls, the liberalization of interest rates, the retrenchment of state-owned credit supply, and the dismantlement of prudential regulations (Frenkel and Simpson 2003; Aizenman 2005; Ocampo and Bertola 2012). This impulse for financial liberalization sought to attract foreign capital and equalize domestic interest rates as a means to boost private investment and, consequently, economic growth (Edwards 1999; Henry 2007; McKinnon 1973; Shaw 1973).

The assessment of this extensive policy reform shows a clearly negative balance. After favoring the attraction of massive capital inflows in the early 1990s, the abrupt removal of capital controls forged a debt-led growth pattern in Latin American countries (Onis 2006; Petras and Veltmeyer 2009). During the late 1990s and early 2000s, the increased financial fragility led to successive currency crises across the region (Edwards 2010, Tude and Milani 2015).

In general, the outcomes of market reforms were at best mixed. Even though it is possible to associate economic restructuring with inflation control and improved access to new technologies (Gwynne and Kay 1999; Oxhorn 2009), neoliberalism failed to achieve sustained growth, fostering the growth of inequality, unemployment, and poverty (Grugel and Riggirozzi 2012; Macdonald 2018).

These harmful effects of neoliberalism fueled popular discontentment, strengthening the left-of-center political parties that opposed market reforms (Grugel and Riggirozzi 2018; Oxhorn

2009; Weyland 2010). The supporters of these organizations were not only labor unions, which were negatively affected by economic liberalization and macroeconomic orthodoxy, but also new civil society actors such as neighborhood organizations, landless peasants, unemployed workers, and feminist and environmentalist organizations (Macdonald and Ruckert 2009; Macdonald 2018). In most countries, it was even possible to seek broader coalitions by building what Saad Filho (2007) defined as the Losers' Alliance, composed of unionized workers, domestic manufacturing producers, unorganized and unskilled workers, and even some rural producers.

The opposition to neoliberalism and the need for appealing to broader social groups contributed to forging a new dominant political-ideological project within the Latin American left, known as post-neoliberalism. As suggested by Wylde (2018), these constitutive aspects implied that post-neoliberal parties rejected excessive marketization, but abandoned anti-capitalism, becoming less hostile toward market economy and liberal democracy (Lomnitz 2006).

It is important to note, however, that post-neoliberalism did not break with distinctive ideological foundations of the Latin American left. For instance, post-neoliberal parties kept the historical leftist commitment to economic nationalism, especially in face of the US influence across the region (Remmer 2012). Similarly, aspects like democratic fragility, extreme inequality, and heterogeneous class structures favored the prevalence of populist ideas among these parties (Oxhorn 1998). In this sense, scholars like Mudde and Kaltwasser (2013) and De La Torre (2014) classify numerous Latin American post-neoliberal organizations as inclusionary populists due to their focus on the opposition between the virtuous people, composed of different excluded social groups, and the local elites, depicted as allies of imperialism.

In general, post-neoliberal parties share the aim to resubordinate the economy to society through the reinforcement of state functions (Macdonald and Ruckert 2009; Sankey and Munck 2016, Pickup 2019). Specifically, it is possible to define post-neoliberalism as a political-ideological project that seeks to redirect market economies towards social concerns and revive citizenship through a new politics of participation and sociocultural alliances (Grugel and Riggirozzi 2012; Yates and Bakker 2014).

The convergence in the struggle against imperialism and neoliberalism also motivated the regional exchange between post-neoliberal parties. This cooperation gained momentum when the Workers' Party (Brazil) proposed a joint conference in July 1990 (FSP, 1990). This space of political debate, institutionalized as São Paulo Forum (*Foro de São Paulo – FSP*) in 1991, gathered organizations from different ideological backgrounds, including communist, socialist, social-democratic, and national-popular ones (FSP 1991; French 2009). Despite this political diversity, most of the FSP members are not affiliated with the SI, which includes parties that supported or even implemented neoliberal policies (Kirby 2003; Vasconi and Martell 1993).

As previously mentioned, the context of social polarization and financial instability strengthened the organizations that opposed market reforms, boosting the performance of FSP parties and culminating in several electoral victories across the region (Levitsky and Roberts 2011; Cantamutto 2016). As shown in Table 3.1, this turn to the left covered most of the Latin American countries after beginning in 1998, when Hugo Chavez won the presidential election in Venezuela (Silva 2009; Munck 2015; Larrbure 2019).

Table 3. 1. Governments led by members of the São Paulo Forum – 1995-2019

Country	Political Party	Period
Argentina	Front for Victory	2003-2015
Bolivia	Movement for Socialism	2006-2020
Brazil	Workers' Party	2003-2016
Chile	Socialist Party	2006-2010;2014-2018
Cuba	Communist Party of Cuba	1959-
Dominican Republic	Dominican Liberation Party	1996-2000; 2004-2020
Dominican Republic	Dominican Revolutionary Party	2000-2004
Ecuador	Proud and Sovereign Homeland	2007-2021
El Salvador	Farabundo Martí National Liberation Front	2009-2019
Nicaragua	Sandinista National Liberation Front	2007-
Panama	Democratic Revolutionary Party	1994-1999; 2004-2009
Paraguay	Guasú Front	2008-2012
Peru	Peruvian Nationalist Party	2011-2016
Uruguay	Broad Front	2005-2020
Venezuela	United Socialist Party of Venezuela	1998-

Source: the author; São Paulo Forum.

At the level of public policies, these governments substantially varied due to the economic and political specificities of each country (Beasley-Murray et al. 2009; Weyland 2010; Levitsky and Roberts 2011; Flores-Macias 2012; Friedmann and Puty 2020). Nevertheless, a list of recurrent post-neoliberal measures includes the expansion of social protection and redistributive policies, the return of industrial policies, the strengthening of participatory democracy, and the emphasis on recognition and identity politics (Grugel and Riggirozzi 2012, 2018; Wylde 2018; Macdonald and Ruckert 2009). In some cases, post-neoliberalism also meant the nationalization of strategic companies and natural resources (Yates and Bakker 2014; Singh 2014).

Even though these initiatives signified a departure from the policies adopted during the 1980s and early 1990s, the administrations led by post-neoliberal parties did not overcome many of the inherited neoliberal practices, which were kept or at most amended to avoid conflicts with domestic elites and international markets (Tussie 2009; Yates and Bakker 2014; Chodor 2015). In terms of economic policies, for example, the most important continuities lied in the macroeconomic regime, which kept the commitment to inflation control, fiscal balance, and trade liberalization (Panizza 2005; Hunter 2007; Pickup 2019).

It is also important to clarify the difference between post-neoliberal parties – members of the São Paulo Forum – and left-of-center parties that embraced neoliberal policies – most of them affiliated to the Socialist International. The former preserved part of inherited market reforms as a means to build enough support for a transformative agenda (Grugel and Riggirozzi 2012; Wylde 2018), while the latter adopted and sometimes fostered core neoliberal practices such as the privatization of State-owned companies, the pursuit of fiscal austerity, and the impulse for trade openness (Kirby 2003; Sandbrook et al. 2007).

As previously mentioned, this article aims to investigate to what extent post-neoliberal governments have reshaped capital account policies toward the reregulation of cross-border financial flows. Building upon the discussion presented in this section, I expect that post-neoliberal parties will increase the level of capital controls after coming to the executive power.

Considering the literature on Latin American post-neoliberalism, it is possible to identify three mechanisms that may underlie this main hypothesis. Regarding the conduct of macroeconomic policies, for instance, the pursuit of post-neoliberal goals demands further degrees of freedom than the adherence to neoliberal practices (Wylde 2018). This additional need for autonomy stems from initiatives such as the expansion of social protection, the increase of the wage share, the incentive for reindustrialization, and the promotion of participatory democracy, which tend to be associated with expansionary policies at credit supply, public expenditure, and management of interest rates (Yates and Bakker 2014). In this regard, the adoption of capital controls may become necessary for combining this policy orientation with the exchange rate management and the prevention of financial markets' threats against initiatives that deviate from the mainstream economic consensus.

It is important to note that this rationale applies to both inflows and outflows controls. The former restrictions seek to safeguard exchange rate stability, while the latter regulations aim to avoid currency crises and redirect investments into the domestic economy (Kregel 2004; Bresser-Pereira et al. 2015; Gallagher 2015).

In addition to the increase of policy autonomy, post-neoliberal governments may also deploy capital controls because of their distributive effects. Specifically, the reregulation of capital flows may seek to achieve and maintain a competitive exchange rate to attend to the interests of the manufacturing sector (Alami 2019; Soederberg 2002; Walter 2008, 2013). As previously discussed, one of the features of post-neoliberalism is the building of broad and heterogenous socioeconomic alliances (Grugel and Riggirozzi 2012; Saad Filho 2007). In this sense, attracting the support of elite allies like manufacturing producers is key for the political sustainability of the post-neoliberal project. The interests of this sector gain further importance in face of the nexus between deindustrialization and the weakening of labor unions (Anner 2008), which tend to be core supporters of post-neoliberal parties (Weyland 2010).

Besides the instrumental relationship with policy reorientation, depending on the context, the deployment of further capital controls may also serve to political mobilization. In line with the ideas of economic nationalism and inclusionary populism, post-neoliberal governments may use capital account policies as a means to show commitment to the fight against neoliberalism, imperialism, and financial interests[31].

As these mechanisms are specific to post-neoliberal administrations, other left-of-center parties may not have reasons for increasing the level of capital controls. In other words, as governments aligned with the Third Way agenda have not committed to economic nationalism and reindustrialization nor demanded further macroeconomic policy autonomy, they do not seem to have incentives to restrict capital movements.

Still regarding the main hypothesis of this article, I do not contend that the rise of post-neoliberal parties to power was the sole cause for the reregulation of capital flows in Latin America. As discussed in the literature review, different variables may affect the level of capital controls. For example, the pink tide period coincided with changes in the international context – such as the 2000s commodity boom, the inflows surge following the Global Financial Crisis, and the revision of the IMF view on capital flows management – that tended to favor the deployment of further capital controls. Therefore, my argument here is that government partisanship remains

[31] In comparison with the macroeconomic and distributive mechanisms, this mobilizational channel seemed to be less prevalent across the region, remaining absent in the moderate cases of post-neoliberalism like Peru and Uruguay. However, in countries like Argentina and Ecuador, the deployment of capital controls used to follow confrontational rhetoric against financial interests and international organizations (Muñoz and Retamozo 2008; Riggirozzi 2009b; Wolff 2016). Even though refraining from heated rhetoric, the motivations for capital controls in Bolivia also included the need for addressing the anti-finance sentiment of core constituencies (Naqvi 2021).

a key determinant of capital account policies even after accounting for the impact of other explanatory factors.

In a similar vein, some factors may counteract the expected relationship between post-neoliberalism and capital controls. For instance, as mentioned in the literature review, an overvalued currency, caused, for example, by an inflows surge, has a positive impact on consumers' purchasing power (Broz et al. 2008; Gallagher 2015). In this context, a progressive administration like a post-neoliberal one may refrain from imposing capital controls due to its redistributive aims.

Moreover, as discussed in this section, the post-neoliberal turn did not mean a complete rupture with previous market reforms, which sometimes include the decision to safeguard the inherited degree of financial openness (Chodor 2015; Macdonald and Ruckert 2009; Panizza 2005; Hunter 2007; Pickup 2019). This strategy may change throughout time as post-neoliberal parties accumulate electoral victories and, consequently, become more able to implement their ideas.

Finally, the commitment to an open capital account may also stem from the bargaining power of specific economic sectors such as the financial system (Henning 1994; Brooks and Kurtz 2008, 2012; Broz et al. 2008). Therefore, it makes sense to expect that post-neoliberal parties will face further difficulties to reregulate capital flows in countries with larger financial sectors.

3.3 Measuring the level of capital controls: towards a new indicator

This section discusses the alternative strategies for measuring the level of capital controls or financial openness to build time-series cross-section datasets[32]. In the empirical literature, this assessment uses to rely on the IMF Annual Report on Exchange Arrangements and Exchange Restrictions (IMF-AREAER). This publication provides comprehensive descriptions of the foreign exchange arrangements and capital controls of all IMF member countries, being the basic source of information for the indicators proposed by Grilli and Milesi-Ferretti (1995), Quinn (1997), Chinn and Ito (2006, 2008), and Fernandez et al. (2016).

Among these measures, the so-called KAOPEN, formulated by Chinn and Ito (2006, 2008), has been the most recurrent in the empirical literature. In terms of construction, KAOPEN is the first standardized principal component of four variables, which indicate the presence of multiple exchange rates, the existence of restrictions on current account transactions, the share of a five-year window of restrictions on capital account transactions (encompassing year t and the preceding four years), and the requirement of export surrender proceeds.

The main contribution of the Chinn-Ito index lies in its coverage, which includes data for 181 countries for the 1970-2019 period. However, KAOPEN also presents two setbacks. The most important one stems from how Chinn and Ito (2006, 2008) incorporate capital account restrictions into their final measure. As observed by Karcher and Steinberg (2013), by introducing systematic measurement errors, the use of a five-year average in the assessment of capital account policies increases the risk of false positives and reverse causality as well as contributes to underestimating the impact of political variables on the level of capital controls.

[32] To make comparisons easier, in this article, I take the level of controls as exactly the inverse of the degree of capital account openness.

Another shortcoming of KAOPEN arises from relying on the existence of other restrictions on international transactions to assess the intensity of capital controls. If, on one hand, it makes sense to expect that strict capital account regulations correlate with other restrictions; on the other hand, this strategy introduces the risk of conflating trade and capital account policies as well as underestimating the level of capital controls in countries with high levels of trade openness.

Against this background, the Capital Controls Index (CCI), proposed by Fernandez et al. (2016), emerges as an alternative. This measure assesses the annual level of capital controls by taking the average degree of restrictions over ten types of cross-border financial inflows and outflows[33] for 100 countries for the 1995-2019 period[34]. For each kind of flow, the authors aggregate binary variables that show the existence or not of restrictions over different subcategories[35]. This procedure results in a continuous value between 0 and 1, where 1 is the value obtained by countries that control all subcategories in all types of flows.

In contrast with the strategy followed by Chinn and Ito (2006, 2008), Fernandez et al. (2016) contend that the CCI captures the intensity of capital controls by tracking variations across asset categories, directions of transactions, and time. Underlying this approach, there is an assumption that the intensity of controls is correlated with how many types of capital movements

[33] The covered types of cross-border financial flows are: money market instruments; bonds or other debt securities with an original maturity of more than one year; equity, shares or other securities of a participating nature; collective investment securities; financial credits; derivatives; commercial credits; guarantees, sureties and financial back-up facilities; real estate transactions; and direct investments.
[34] The shorter coverage of CCI is not a problem for the objectives of this article due to its focus on policy decisions that followed the complete dismantlement of the Bretton Woods order. In this regard, Kirshner (2014) divides the Postwar period into three subperiods: (i) the Bretton Woods order (1947-1973); (ii) the transition period; and (iii) the Globalization project (after 1994).
[35] For example, the level of capital controls over direct investments is the average of three binary variables, which indicate the existence of restrictions over direct investments' inflows, outflows, and liquidations. Considering the ten types of capital flows, CCI covers 32 subcategories.

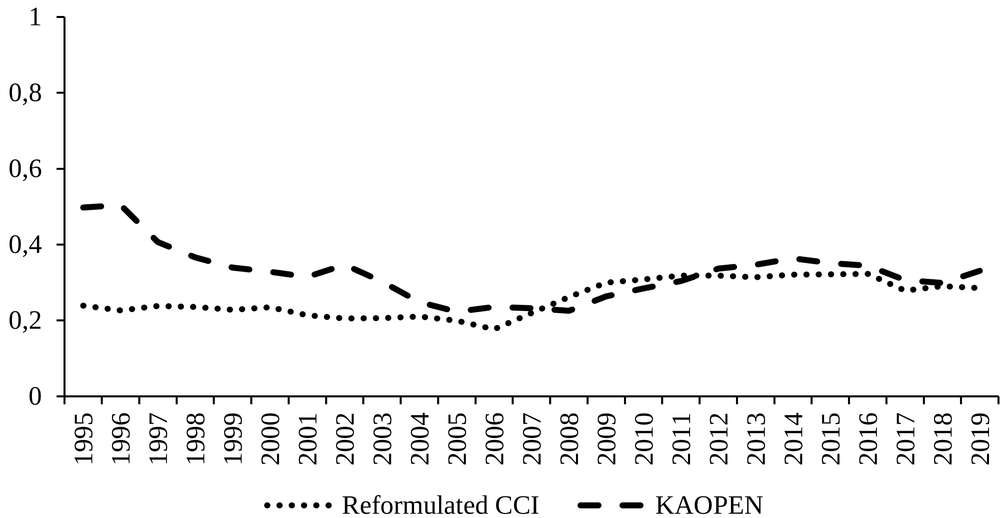
are targeted by restrictions. Therefore, one of the advantages of CCI is the capacity of assessing the intensity of controls based only on capital account policies, avoiding the risks associated with the incorporation of restrictions on other international transactions.

The main setback of CCI lies in the use of simple average for measuring the annual level of capital controls in each country. Such approach overlooks the sixth and latest edition of the Balance of Payments and International Investment Position Manual, published by the IMF (2009), which classifies capital flows into four functional categories: direct investments, portfolio investments, derivatives, and other investments[36]. As most of the ten types of flows considered by Fernandez et al. (2016) can be characterized as other investments, there is a risk that relevant flows like direct and portfolio investments are underestimated.

In face of these aspects, I opted to reformulate the Capital Controls Index with aim of attributing the same weight to each one of the four IMF functional categories. Therefore, relying on data provided by Fernandez et al. (2016), the new CCI is the first standardized principal component of the level of capital controls over direct investments, portfolio investments, derivatives, and other investments (see Appendix A). As the original CCI, this index takes higher values the more closed the country is to capital flows.

[36] The fifth functional category refers to official reserve assets, which are not cross-border financial flows.

Figure 3. 1. Normalized Level of Capital Controls – Latin America – Unweighted Country Shares – 1995-2019



Source: the author based on Fernandez et al. (2016); Chinn and Ito (2006, 2008).

Based on the reformulated CCI, it is possible to plot the evolution of the level of capital controls in Latin America from 1995 to 2019, which can be divided into three sub-periods (see Figure 3.1). Between the late 1990s and the mid-2000s, there was a trend in favor of capital account liberalization. After the crisis, the reregulation of cross-border financial flows gained momentum until the mid-2010s, when the impulse for capital controls faded away, coinciding with the ebb of the Pink Tide. As also shown in Figure 3.1, the same periodization emerges from the analysis of KAOPEN[37]. However, this measure lags behind in detecting the lower level of controls in the late 1990s as well as the reregulation of capital flows in the late 2000s. One explanation for this delay

[37] For purposes of comparison with the reformulated CCI, I converted KAOPEN to make larger values represent more restrictions on capital account transactions.

lies in the composition of KAOPEN, which includes a five-year average to assess capital account policies and restrictions on other international transactions.

3.4 Post-neoliberalism and capital controls in Latin America: empirical analysis

According to my argument, developed in the theoretical framework, the rise of Latin American post-neoliberalism should induce the reregulation of cross-border financial flows across the region. As discussed in the literature review, little systematic empirical work exists on this topic. I test my argument while also trying to control for the leading contending propositions, centered on political institutions, economic sectors, and conjunctural pressures. My dataset is a time-series cross-section (TSCS) one, containing 17 Latin American countries from 1995 to 2019. *Ceteris paribus*, my hypothesis is that countries led by post-neoliberal parties should have a higher level of capital controls.

My central independent variable is the government partisanship in a country at time t. This variable reflects the adherence of the ruling political party in the executive power to post-neoliberalism. Specifically, I built a binary variable, where countries are coded as post-neoliberal at time t if the ruling party is a member of the São Paulo Forum[38] (FSP = 1).

To increase the robustness of the analysis, I also estimate the model using other measures of government partisanship as the main independent variable. In this regard, I considered the

[38] Since I rely on yearly data, I consider as ruling party the one that governed the country for the largest number of days in each year.

accumulated number of years of post-neoliberal government in a country at time t (AFSP) to assess to what extent the duration of post-neoliberal experience shapes its impact.

Additionally, I built a binary variable for governments led by parties affiliated to the Socialist International (SI = 1). This exercise aims to check if all left-of-center parties pursue similar capital account policies. As discussed in the theoretical framework, unlike post-neoliberal administrations, I do not expect that governments led by SI members will be willing to deploy further capital controls.

My dependent variable is the level of capital controls in a country at time t. As discussed in the previous section, I reformulated the Capital Controls Index (CCI), proposed by Fernandez et al. (2016).

Changes in capital account regulation may also arise because of factors other than government partisanship. In this sense, based on the literature review, I added control variables to the baseline model (see Table 3.2).

Table 3. 2. Descriptive Statistics

Variable	N	Mean	Std. Dev.	Min	Max
FSP	425	0.3647	0.4819	0.0000	1.0000
IND	425	14.9461	3.4516	5.8358	29.0496
FIDEPTH	425	20.0515	13.4880	4.4443	67.3726
DEM	425	7.7718	2.0609	-3.0000	10.0000
CCRISIS	424	0.1368	0.3440	0.0000	1.0000
GDPPC	425	6.8732	3.8238	1.1873	17.4227
TO	425	40.0773	20.3707	0.1070	133.7920
GOVEXP	425	15.2090	4.7885	4.5108	34.5342
TT	425	98.8613	6.0006	67.0052	110.0856
NETINFLOWS	423	2.9917	6.5242	-87.0466	20.0705

To capture the impact of political institutions, I included the level of democracy (DEM), which tends to be positively correlated with capital account openness. As usual in the literature, this measure comes from Polity IV.

According to the pluralist literature, each industry has different preferences regarding the conduct of capital account policies, gaining influence in function of its economic size. In this regard, I added a measure of the depth of financial institutions (FIDEPTH), provided by the IMF, as a means to assess the relevance of the financial sector, which tends to be correlated with the progress of capital account liberalization.

Moreover, I included the participation of manufacturing value-added in each country's gross domestic product (IND) as provided by the United Nations Industrial Development Organization (UNIDO). As discussed in the literature review, the effect of a larger industrial sector is uncertain since manufacturing producers must balance their need for foreign credit with their demand for a stable and competitive exchange rate.

Another set of determinants of capital account regulation stems from the economic conjuncture. In this regard, based on data provided by the Bank of International Settlements, I considered the occurrence of currency crises as measured by Reinhart and Rogoff (2009), who define this type of crisis as an annual depreciation of national currency versus US dollar of 15 percent or more (CCRISIS = 1). Additionally, relying on IMF databases, I incorporated an index of commodity terms of trade (TT) as well as the net capital inflows as percentage of GDP (NETINFLOWS).

Finally, since the structural features of each country may also shape the cross-border financial regulation, I included the real GDP per capita (GDPPC), the size of government expenditure as percentage of GDP (GOVEXP), and the level of trade openness (TO), measured by trade as share of GDP. The first of these variables come from UNIDO, while the others stem from the Penn World Table database.

The basic equation estimating the relationship between government partisanship and capital account openness is:

$$CCI_{i,t} = \beta_0 + \beta_1 FSP_{i,t-1} + \beta_2 IND_{i,t-1} + \beta_3 FIDEPTH_{i,t-1} + \beta_4 DEM_{i,t-1} + \beta_5 CCRISIS_{i,t-1} + \beta_6 TT_{i,t-1} + \beta_7 NETINFLOWS_{i,t-1} + \beta_8 GDPPC_{i,t-1} + \beta_9 TO_{i,t-1} + \beta_{10} GOVEXP_{i,t-1} + \alpha_i + \gamma_t + \varepsilon_{i,t}$$

TSCS data have numerous problems that violate the standard assumptions necessary for ordinary least squares (OLS) to be unbiased and efficient. For instance, to mitigate problems caused by heteroskedasticity, I used panel-corrected standard errors (PCSE) as suggested by Beck and Katz (1995). Similarly, I included country and year fixed effects to deal with problems of omitted variable bias. Moreover, I addressed problems of serial correlation by using an AR (1) correction.

Table 3. 3. Baseline Model

	Model 1		Model 2	
	CCI		CCI	
FSP	0.2660	***	0.2469	***
	(0.0696)		(0.0705)	
IND			-0.0123	
			(0.0210)	
FIDEPTH			-0.0181	*

		(0.0093)	
DEM		-0.0581	***
		(0.0147)	
CCRISIS		-0.1531	***
		(0.0561)	
TT		0.0051	
		(0.0071)	
NETINFLOWS		-0.0019	
		(0.0014)	
GDPPC		-0.0725	**
		(0.0330)	
TO		-0.0043	***
		(0.0013)	
GOVEXP		0.0122	
		(0.0108)	
Constant	0.6526	1.7803	*
	(0.4094)	(1.0676)	
N	425	423	
Country	17	17	
R^2	0.5268	0.6612	
Waldchi^2	1313.11	4128.65	
Prob>chi^2	0.0000	0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.
AR 1 correction, country fixed effects, and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests.

Moving to the analysis of the results, I first tested my central independent variable without any control variable. As shown by Table 3.3, model 1 indicates that post-neoliberal governments are positively correlated with the level of capital controls. This finding corroborates my hypothesis, which contends that post-neoliberal parties tend to reregulate capital flows. As mentioned in the theoretical framework, this policy reorientation may seek to expand macroeconomic autonomy, favor political supports, and/or show commitment to national and popular interests.

This relationship between government partisanship and cross-border financial regulation stands after including the control variables (see model 2). In this regard, the depth of the financial sector was found to be correlated to lower levels of capital controls, providing an evidence that stronger financial interests contribute to counteracting the implementation of a post-neoliberal agenda. Likewise, the occurrence of currency crises seems to favor the removal of cross-border restrictions, showing that market reforms gain ground when governments face economic instability.

The degree of trade openness and the GDP per capita were also found to have a negative effect on the level of capital controls, indicating that more advanced and internationalized exert some pressure for financial liberalization. In a similar vein, higher levels of democracy seem to cause a liberalizing impact on capital account policies. On one hand, this finding provides further support to the argument that authoritarian regimes resist market reforms; on the other hand, it may also stem from the relationship between incomplete democratization and economic liberalization in Latin America.

Table 3. 4. Model with the duration of post-neoliberal governments

	Model 3		Model 4	
	CCI		CCI	
AFSP	0.0717	***	0.0692	***
	(0.0119)		(0.0107)	
IND			-0.0196	
			(0.0211)	
FIDEPTH			-0.0177	**
			(0.0089)	
DEM			-0.0366	***
			(0.0133)	
CCRISIS			-0.1572	***

		(0.0517)	
TT		0.0029	
		(0.0068)	
NETINFLOWS		-0.00203	
		(0.0013)	
GDPPC		-0.0732	***
		(0.0316)	
TO		-0.0035	***
		(0.0012)	
GOVEXP		0.0136	
		(0.0103)	
Constant	0.5954	1.8739	*
	(0.4016)	(1.0178)	
N	425	423	
Country	17	17	
R^2	0.5133	0.6511	
Waldchi^2	1562.19	12431.54	
Prob>chi^2	0.0000	0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.
Country fixed effects, AR1 correction and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests.

Moving to the robustness checks[39], I replaced the government partisanship with the duration of post-neoliberal administrations (see Table 3.4). As expected, the results are quite similar, indicating that longer post-neoliberal experiences contribute to reregulate capital flows

[39] In addition to the results discussed in this section, I proceeded with four kinds of robustness checks. In the first one, I altered the set of control variables, estimating models with a lagged dependent variable, without variables related to each country's structural features, and with a different measure for the integration into international trade, the index of participation in the global value chains (GVC) as provided by the United Nations Conference on Trade and Development. In the second kind, I tested different kinds of dependent variables such as the original CCI as well as the reformulated CCI for subsets of capital flows like inflows, outflows, hot money, and all flows except direct investments. In the third check, I repeated the main exercises using Generalized Least Squares (GLS) estimator. Finally, in the fourth check, I estimated the baseline model using a two-stage least squares (2SLS) instrumental variable approach. In this regard, the chosen instrument was the lagged proportion of governments led by post-neoliberal parties (FSP_REGIONAL_PROP) in the rest of the countries included in the sample. As shown in the appendix, despite some variation in the level of significance of some variables, the conclusion about the impact of post-neoliberal administrations on the level of capital controls remains the same.

(see models 3 and 4). This finding may reflect the fact that successive electoral victories strengthen the pursuit of a post-neoliberal policy reorientation. In line with this interpretation, the administrations led by FSP members in Argentina, Brazil, Bolivia, and Venezuela deployed stricter capital controls after the first term (Campello 2015; Prates et al. 2020; Naqvi 2021; Wylde 2016).

Table 3. 5. Model with governments led by members of the Socialist International

	Model 5		Model 6	
	CCI		CCI	
SI	-0.1235	**	-0.1068	*
	(0.0611)		(0.0591)	
IND			0.0120	
			(0.0215)	
FIDEPTH			-0.0173	*
			(0.0096)	
DEM			-0.0579	***
			(0.0146)	
CCRISIS			-0.1567	***
			(0.0563)	
TT			0.0050	
			(0.0069)	
NETINFLOWS			-0.0020	
			(0.0012)	
GDPPC			-0.0705	**
			(0.0337)	
TO			-0.0051	***
			(0.0013)	
GOVEXP			0.0056	
			(0.0113)	
Constant	0.6943		1.5189	
	(0.4232)		(1.0713)	
N	425		423	
Country	17		17	
R^2	0.5260		0.6398	
Waldchi^2	1.05E+17		16998.60	
Prob>chi^2	0.0000		0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.

Country fixed effects, AR1 correction and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests.

Finally, I tested the impact of governments led by members of the Socialist International on the level of capital controls (see Table 05). This exercise aimed to check if the reregulation of cross-border financial flows was a recurrent policy of any left-of-center government or a specific commitment of post-neoliberal parties. As expected, the results indicate that parties affiliated with the Socialist International are not likely to deploy further capital account restrictions. On the contrary, these governments are correlated with the removal of capital controls (see models 5 and 6). As previously discussed, this finding may stem from the fact that parties aligned with a Third Way agenda have little incentives to restrict capital mobility as they tend to embrace macroeconomic orthodoxy and refrain from committing to economic nationalism and reindustrialization.

3.5 Final remarks

This article assessed the impact of post-neoliberalism on capital flows management in Latin America. Methodologically, I pursued this objective through the estimation of a time-series cross-section model that used data from 17 countries for the period between 1995 and 2019. In addition to this main contribution, I relied on principal component analysis to reformulate the Capital Controls Index, originally proposed by Fernandez et al. (2016).

Building upon the political economy literature about the topic, I argued that post-neoliberal governments have three complementary reasons to reregulate capital flows. At the level of macroeconomic policies, the deployment of further capital controls can be part of an effort to obtain further policy autonomy, which is usually a necessary condition for fostering economic growth and social inclusion. Similarly, the tightening of capital flow management may meet the interests of constituencies like labor unions and manufacturing producers. Furthermore, in some countries, the adoption of capital account restrictions is instrumental to give concreteness to the rhetoric against financial and foreign interests.

When it comes to the relationship between government partisanship and capital flow management, the results of the econometric estimation seem to corroborate this theoretical argument. Specifically, contrary to other left-of-center administrations, post-neoliberal governments were found to have a positive impact on the level of capital controls in Latin American countries. Besides this main conclusion, observed in different variations of the baseline model, the empirical evidence also sheds light on the relevance of political institutions, economic interests, and financial instability to the evolution of capital account policies.

Concerning the international political economy literature, it is worth highlighting four contributions of this article. First of all, the aforementioned econometric results showed that the differences between political parties still matter for macroeconomy policymaking, providing additional support to the so-called partisan approach. Even though the deepness of these differences deserves further research, this conclusion gains relevance because it emerged from the analysis of cross-border financial regulation, which is one of the policies that globalization has most constrained.

Still regarding the relationship between government partisanship and economic policies, this article also sheds light on the pivotal role of the specific content of party ideologies. In this sense, a proper assessment of the impact of government partisanship requires ideological classifications that address the diversity within the left-of-center camp.

Moving beyond the theoretical debate, the empirical relevance of government partisanship for capital account policies in Latin America may have implications for the analysis of interventionist responses that followed the Global Financial Crisis. In the case of capital controls, for example, the crisis indeed favored the deployment of further restrictions, however, the national reactions to this opportunity also reflected the ideology of each country's ruling party.

Finally, it is important to position this article in the current regional context. In this regard, even though post-neoliberal administrations did not break with capital mobility and inherited market reforms, their option for reregulating capital flows may explain the ebb of Latin American post-neoliberalism, which opened the way for the recent strengthening of right-wing political forces. In terms of historical lessons, the empirical findings of this article support another argument put forward by Crotty and Epstein (1996), that is, any progressive economic restructuring, however moderate, demands at least the threat of deploying capital controls.

4. Post-Neoliberalism and Capital Flow Management in Latin America: Assessing the Role of Social Forces[40]

In the late 1990s and early 2000s, heterogeneous social groups resisted further economic liberalization across Latin America, fueling the support for left-of-center parties (Yates and Bakker 2014). Taking different forms across the region, this Polanyian countermovement led to the rise of post-neoliberalism – a set of political-ideological projects that sought to resubordinate the economy to society without fully breaking with market-oriented governance (Grugel and Riggirozzi 2012).

The position towards cross-border financial flows is illustrative of post-neoliberalism. On one hand, administrations led by post-neoliberal parties increased the level of capital controls even before the 2007 Global Financial Crisis (see Table B1). On the other hand, most of the new cross-border restrictions did not challenge the long-run commitment to capital mobility (see Table B2), complying with the revised view of the International Monetary Fund (IMF), which admitted macroprudential regulations and temporary price-based inflow controls (IMF 2012a).

One exception to this trend was Argentina under Kirchnerism (2003-2015). Before the 2007 crisis, contrary to the contemporary IMF prescriptions, the government introduced an unremunerated deposit for all kinds of capital inflows (Aytac and Onis 2014). After the crisis, Kirchnerism went even further by imposing many outflow controls (Steinberg 2017). These

[40] An earlier version of this chapter was published by Journal of International Relations and Development (see Silva 2022).

pervasive restrictions were followed by other measures with repercussions for money flows such as the renegotiation of external debt, the taxation of primary exports, and the use of official reserves to reduce the cost of interest payments (Wylde 2016). To legitimate this strategy, policymakers returned visibility to the political character of capital flow management, which became an issue of mass politics (Steinberg and Nelson 2019).

The specificities of the Argentinean path become clearer in comparison with the case of Brazil under the Workers' Party (2003-2016). In this country, before the 2007 crisis, the government welcomed the growing capital inflows, which were used to accumulate official reserves, ease the debt constraint, and tame inflationary pressures (Prates et al. 2020). After the crisis, despite increasing the level of controls and denouncing the so-called currency war at international forums, the Workers' Party deployed only cyclically-adjusted and market-friendly inflow regulations, keeping distance from administrative restrictions and outflow controls even with the external deterioration that followed the Federal Reserve (FED) taper tantrum in 2013 (Gallagher 2015). Throughout this period, policymakers framed their choices as technical, rule-based decisions that were fully compatible with the mainstream economic consensus (Alami 2019).

Building upon Kaltenbrunner (2016) and Rafferty (2017), I describe these experiences as examples of two opposite post-neoliberal strategies of capital flow management. When pursuing a *heterodox strategy*, such as the one embraced by Kirchnerism in Argentina, state managers attempt to restrict a broad set of capital flows through both administrative and price-based controls, which are complemented by active management of official reserves, public debt, and even current account transactions. Conversely, when following an *orthodox strategy*, like the one adopted by the Workers' Party in Brazil, state managers keep a long-run commitment to financial openness, limiting policy tools to selective and market-friendly regulations.

Against this background, this article discusses why post-neoliberal parties have adopted different strategies of capital flow management. Departing from studies that emphasize the role of economic structure and political institutions (Campello 2015; Flores-Macías 2012; Weyland 2009), I shed light on how social forces shaped the implementation of economic policies that deviate from neoliberal governance.

In brief, I argue that two conditions contribute to post-neoliberal parties choosing a heterodox strategy of capital flow management. Firstly, a high degree of pressure from popular sectors – stemming from strong and autonomous labor unions and territorial social movements – favors heterodox initiatives by increasing the government's need for macroeconomic policy autonomy[41] (Etchemendy 2021; Murillo 2000). Given this pressure from below, the existence of strategic allies among economic elites – like, for example, part of manufacturing producers – enables the option for heterodoxy by compensating for credibility losses that such strategy could cause (Paster 2018; Wolff 2016).

To assess this theory, I compare the cases of Argentina under Kirchnerism and Brazil under the Workers' Party. In addition to this cross-case analysis, the long duration of these post-neoliberal experiences also allows a within-case analysis for both countries by contrasting the periods before and after the 2007 Global Financial Crisis.

[41] In line with Oxhorn (1994) and Collier (2006), the notion of popular sectors is useful for highlighting the heterogeneity of the working class in Latin America, encompassing formal and informal workers, peasants, and unemployed.

This article contributes to the literature regarding the role of social forces in capital flow management by shedding light on what drives the choice between different reregulation strategies. Moreover, it presents a coalitional argument for the post-neoliberal diversity that followed the Latin American left turn. Finally, it adds to the debate centered on the politicization of economic policymaking by exploring the relationship between different varieties of capital flow management and framing strategies of state managers.

The remainder of this article is organized as follows. The first section engages with the literature on social forces and the reregulation of capital flows. The second section introduces the theoretical framework. The third section outlines the research design. The fourth and fifth sections analyze the cases of Argentina and Brazil. The sixth section addresses the issue of collinearity, and finally, the seventh section presents the final remarks.

4.1 Social underpinnings of the reregulation of capital flows

As mentioned in the introduction, this article puts forward a coalitional argument for the variegation that has characterized post-neoliberal capital flow management in Latin America. In this regard, two political economy perspectives focus on the role of social forces in the reregulation of capital flows by countries that had already removed most of their capital controls.

Drawing on the literature that investigates how interest groups shape economic policymaking, Gallagher (2015), Pepinsky (2008), and Naqvi (2021) take capital mobility as a key constraint to national policy space. Building upon a dichotomous opposition between states and markets, this approach assumes that any kind of cross-border financial restriction leads to an automatic increase in policymakers' ability to pursue their goals. Consequently, there is little criticism of the depoliticization of capital flow management by state managers, which is expected to result in the same clear-cut gains of policy space while moderating the opposition from harmed interests.

Despite acknowledging the importance of external conditions, the aforementioned scholars give theoretical priority to the position of domestic groups, whose support is perceived as a key enabler of the reregulation of capital flows. This apparent convergence, however, hides crucial differences regarding the specific role of social forces. For example, Naqvi (2021) focuses on how the strong mobilization of popular sectors empowers policymakers to implement nationalist financial policies, overlooking the role of domestic economic elites. Pepinsky (2008), for his part, pays little attention to popular mobilization, analyzing the decision to reestablish capital account restrictions as a result of the government's reliance on an alliance between workers and industrialists. Finally, despite listing the support from labor unions and manufacturers as factors that favor the deployment of controls, Gallagher's (2015) inductive argument includes ideational, institutional, and interest-based variables, remaining unclear about their relative importance.

Departing from the state-market dichotomy, Marxist scholars like Alami (2019) and Soederberg (2002) analyze capital flow management as part of the endeavor to safeguard capitalist accumulation and class-based dominance. This historical materialist perspective unveils that cross-border restrictions at the capitalist periphery are usually functional for the long-term maintenance of capital mobility, reinforcing a subordinate pattern of financial integration. According to this nuanced view, the option for market-friendly controls within the confines of a depoliticized economic management ends up decoupling the financial reregulation from its transformative potential.

Considering the subordinate position of peripheral countries, the starting point of the aforementioned Marxist perspective lies in the global movement of money and financial capital. However, this does not mean that Alami (2019) and Soederberg (2002) neglect the role of domestic social forces. For instance, these scholars posit that the working classes have an active (though indirect) impact on capital account restrictions, which are used by the state to control and integrate workers as well as mitigate the financial instability that emerges from class struggle. Domestic manufacturers, on the other hand, are not expected to be serious supporters of capital controls as financialization blurred their interests concerning capital mobility and exchange rates.

Moving back to my research question, it is important to note that none of the reviewed perspectives put their analytical focus on comparing different reregulation strategies[42]. In the case Gallagher (2015), Pepinsky (2008), and Naqvi (2021), for example, the debate on coalition-building could allow a deeper discussion about variegated reregulation; however, the automatic link between further controls and increased policy space ends up overlooking the differences between restrictions that challenge the mainstream consensus about capital mobility and regulations that remain in its confines. Moreover, these scholars tend to limit the role of social

[42] Gallagher (2015), for example, analyzes the deployment of new controls in Brazil and South Korea after the 2007 crisis, but his main interest lies in the factors that enabled reregulation instead of the regulatory differences between each national strategy. In this sense, Alami (2019) comes closer to my research focus by comparing the evolution of capital flow management in Brazil and South Africa since the 1930s. However, as South Africa experienced a continuous move towards financial openness after the early 1990s, his study does not center on the differences between countries that re-established controls after process of capital account liberalization.

forces on capital flow management to the decision of deploying controls, neglecting their impact on the specific design of these regulations.

With respect to the Marxist perspective, on one hand, the critical assessment of deployed controls and the emphasis on class dynamics are key analytical tools for contrasting reregulation trajectories. On the other hand, as both strategies are committed to the reproduction of capital accumulation and capitalist class rule, there is little discussion about what conditions make peripheral capitalist states reregulate capital flows through pervasive restrictions instead of market-friendly regulations. Similarly, the analysis of peripheral manufacturers shows a well-grounded skepticism about their clear-cut support for capital controls, reserving little space for the analysis of how the existence of allies among economic elites affects policymakers' choices regarding capital flow management.

Against this background, in the next section, I propose a theoretical framework centered on how the relationship between social forces and Latin American post-neoliberal governments contributed to variegated strategies of capital flow management. In this sense, I rely on the Polanyian political economy to characterize Latin American post-neoliberalism and the resulting policy diversity. After that, I build upon the literature on Latin American market reforms and the subsequent left turn to draw expectations about the role of popular sectors and economic elites in the reregulation of capital flows by post-neoliberal parties.

4.2 Latin American post-neoliberalism and capital flow management: towards a theoretical framework

For Polanyi (2001), the capitalist system moves around the so-called double movement, namely the tension between the impulse for marketization and the resistance to the subordination of society to self-regulating markets. Building upon this perspective, Ban (2016) conceives neoliberalism as a set of ideas and policies that seek to expand the market realm by institutionalizing trade and financial openness, public finances benchmarked by market credibility, and growth strategies centered on external and internal competitiveness.

On one hand, the rise of neoliberalism meant a global push for the adoption of liberalizing policies such as capital account liberalization, privatization of public services, and labor market flexibilization (Ban 2016). On the other hand, the dislocations perpetrated by unleashed market forces motivated heterogenous social groups to demand protective measures (Sandbrook 2011). Reflecting different socio-political coalitions and international constraints, these Polanyian countermovements paved the way for variegated policy regimes (Bohle and Greskovits 2012).

The Polanyian approach is useful in understanding the emergence of post-neoliberalism in Latin America. Despite obtaining some progress with inflation control and access to new technologies, the market reforms of the 1990s led to financial instability and socioeconomic deterioration, which fostered a widespread societal reaction (Gwynne and Kay 1999). Taking advantage of this Polanyian countermovement, left-of-center parties went beyond their core constituencies, such as labor unions and territorial social movements, and built what Saad-Filho (2007) defined as the "Losers' Alliance," composed of unionized workers, domestic manufacturers, unorganized and unskilled workers, and even some rural producers.

This need for appealing to broader social groups forged the so-called post-neoliberalism, a set of political-ideological projects that attempted to resubordinate the economy to society by reinforcing state functions and expanding social protection (Grugel and Riggirozzi 2012). Entering office in the late 1990s and early 2000s, post-neoliberal parties resumed some forms of economic interventionism while avoiding a rupture with market-oriented governance (Yates and Bakker 2014). As a result of distinct class dynamics at the national level, the rise of post-neoliberalism led to variegated policy regimes, which varied from moderate to radical challenges to inherited neoliberal practices (Féliz 2011).

Capital flow management is a good example of the implications of Latin American post-neoliberalism. As expected, once in power, almost all post-neoliberal parties deployed new cross-border restrictions, decreasing the level of financial openness of their respective countries (Fernandez et al. 2016). From a Polanyian perspective, this initiative can be interpreted as both a reaction to the 1990s capital account liberalization and an attempt to protect society from destabilizing capital movements (Silva 2021a).

A more detailed analysis of capital flow management under post-neoliberalism also illustrates the transformative limits of Latin American countermovements. Accordingly, in most countries, the reregulation of capital flows remained within the confines of economic orthodoxy. For Kaltenbrunner (2016) and Rafferty (2017), orthodox capital flow management keeps a long-term commitment to financial openness, avoiding measures that could threaten capital mobility. After the 2007 crisis and the emergence of the New Welfare Economics, the orthodox position, consolidated in the new IMF view (2012a), included temporary, market-friendly regulations over short-term inflows in its toolkit (Jeanne and Korinek 2010). Being aligned with IMF prescriptions, the restrictions deployed by most post-neoliberal parties were mostly price-based and affected only some transactions (see Tables B1 and B2).

It is important to note, however, that policy variegation has also been a key feature of post-neoliberalism (Yates and Bakker 2014). Consequently, there were instances of heterodox capital flow management, leading to measures that diverged from the IMF toolkit such as administrative regulations, outflow restrictions, and comprehensive inflow controls (see Tables B1 and B2). In some cases, these capital account policies were also complemented by other heterodox measures with repercussions for capital flows such as debt renegotiation and current account restrictions.

As mentioned in the introduction, my contribution to the analysis of this policy variegation lies in the relationship between ruling parties and social forces. In line with the Polanyian approach put forward by Bohle and Greskovits (2012), I am interested in how contradictory social forces have shaped the translation of countermovements against neoliberalism into specific policy regimes. Drawing from the literature on Latin American market reforms and the subsequent left turn, I argue that specific features of the post-neoliberal coalition impaired the adoption of a heterodox strategy of capital flow management in most cases.

For example, concerning its core constituencies[43], the electoral triumph of post-neoliberalism did not mean a full recovery of popular sectors' bargaining power and their capacity to push for deeper macroeconomic transformations (Loureiro 2018). Besides structural trends like deindustrialization, this political fragility resulted from the low rates of unionization and the organizational subordination of unions and social movements to post-neoliberal parties (Yates and Bakker 2014; Schipani 2022). Finally, in some cases, popular organizations had difficulties

[43] Gibson (1996) defines the core constituencies of a political party as those sectors of society that are most relevant to its agenda and resources.

mobilizing against capital mobility due to the perception that dollarization and currency overvaluation would increase purchasing power (Gallagher 2015).

Similarly, even though the rise of post-neoliberal parties counted on allies among domestic economic elites, this relationship was permeated by historical suspicions, being more a reflection of the region's socioeconomic deterioration than a deep agreement on development strategies (Grugel and Riggirozzi 2012; Saad-Filho 2007). Therefore, considering the structural power of business (Paster 2018; Wolff 2016), it is likely that resorting to more restrictive regulations, like the ones that compose a heterodox strategy, would harm post-neoliberal parties' credibility with economic elites, which could interpret this move as a rupture with rule-based policymaking or even a threat to the market economy (Campello 2015; Naqvi 2021).

In this regard, it is important to note that post-neoliberal parties entered office after the depoliticization of economic policymaking. This process of placing at one remove the political character of decision-making, including initiatives like the increase of central bank autonomy, the establishment of inflation targeting rules, and the dissemination of a discourse centered on the lack of alternatives to orthodox policies (Burnham 1999). Inheriting a depoliticized policy regime favors the option for an orthodox capital flow management through two complementary channels. Firstly, it may reduce the influence of the ruling party over key issues, requiring large political support to reinstate democratic control over policymaking (Dönmez and Zemandl 2019). Additionally, depoliticization is instrumental to curb the pressure of core supporters, allowing the governing party to deflect responsibility for the maintenance of neoliberal policies (Soederberg 2002).

Against this background, I propose that two conditions contribute to post-neoliberal parties pursuing a heterodox strategy of capital flow management. First, I argue that the option for heterodoxy depends on a high degree of pressure from popular sectors, which usually demand expansionary macroeconomic policies in exchange for political backing. Accordingly, when labor unions and social movements are strong and autonomous, post-neoliberal administrations are more likely deliver a deeper economic reorientation in order to secure support from these core constituencies (Murillo 2000; Schipani 2022). By requiring additional policy autonomy and further control over cross-border transactions, the pursuit of a bolder agenda propels post-neoliberal parties to adopt a heterodox strategy of capital flow management.

However, even when meeting pressure from below, the deployment of heterodox measures is not exempt from costs as these measures tend to harm the credibility of post-neoliberal administrations with economic elites. Therefore, I contend that the existence of strategic allies among these elites helps to compensate for credibility losses, giving further impulse to heterodoxy (Gallagher 2015; Paster 2018). As such, the notion of strategic allies refers to domestic capitalists that adhere to the development strategy pursued by post-neoliberal parties instead of conditioning the support to the preservation of orthodox policies.

In comparison to other elite groups, it makes sense to expect that manufacturing producers will be more open to becoming strategic allies of post-neoliberal parties. This convergence stems from the post-neoliberal commitment to reindustrialization (Yates and Bakker 2014). This does not mean, however, automatic support for capital controls since manufacturing firms and their owners obtain balance-sheet and purchasing power gains from capital mobility, especially in the context of financialization (Alami 2019).

Even though depoliticized policy regimes can still deviate from economic orthodoxy, the adoption of a heterodox strategy favors the repoliticization of capital flow management through three complementary channels. Firstly, in line with the definition of Dönmez and Zemandl (2019), the deployment of intense and encompassing restrictions contributes to returning the visibility to the political character of capital flow management, leading the distinct social groups to build clearer preferences on this matter (Steinberg and Nelson 2019). Secondly, if we define heterodoxy as a rupture with orthodox policymaking (Kvangraven and Alves 2020), then the option for heterodox capital account regulations makes it harder for state managers to use the allegedly neutral arguments of mainstream economics, creating incentives to politicizing discourses. Finally, as depoliticization aims to stabilize private expectations (Burnham 1999), it is possible to argue that the capacity of convincing private interests of the depoliticized character of heterodox measures varies according to the features of policymakers, being lower for leftist governments at the periphery. In other words, by being unable to contain business dissatisfaction through depoliticization, post-neoliberal parties may be forced to politicize capital flow management to attract enough political support for heterodox regulations.

Before moving to the research design, it is worth highlighting that I do not assert that popular pressure and elite allies were the sole causes for different strategies of capital flow management under post-neoliberalism. For instance, in line with studies that draw a panorama of post-neoliberal policies (Campello 2015; Flores-Macías 2012; Weyland 2009), I do not dispute that factors like external financial conditions, the endowment of natural resources, and institutionalization of party-system may have played a part in the reregulation of capital flows. In this sense, my focus on domestic social forces is an analytical choice to secure a proper space to analyze their impact on capital flow management.

4.3 Research design

I assess the argument put forward in the previous section through a comparative case-study centered on Argentina under Kirchnerism (2003-2015) and Brazil under the Workers' Party (2003-2016). With respect to the dependent variable, I analyze four dimensions to classify capital flow management under post-neoliberal governments as orthodox or heterodox. Table 4.1 presents the ideal-typical characterization of these strategies.

Table 4. 1. Post-Neoliberal Strategies of Capital Flow Management

	Orthodox	**Heterodox**
Policy tools	Price-based controls (preferably temporary)	Administrative and price-based controls
Coverage of regulations	Narrow	Broad
Supportive heterodox measures	No	Yes
Alignment with IMF toolkit	Yes	No

Source: the author.

The initial step of my classificatory scheme focuses strictly on capital account policies, namely the *coverage of regulations* and the chosen *policy tools*. Relying on Kaltenbrunner (2016), I consider that state managers adopt a heterodox strategy if they restrict a broad set of financial transactions and go beyond price-based regulations[44].

[44] Despite the inclusion of price-based controls in the mainstream toolkit, it is worth highlighting that complete capital account openness remains the preferred strategy of capital flow management according to economic orthodoxy.

It is important to note, however, that the mainstream economic position changes over time (Dequech 2007; Kvangraven and Alves 2020). For instance, as previously mentioned, temporary and targeted price-based inflow controls only entered the orthodox policy toolkit after the 2007 crisis (Jeanne and Korinek 2010). Against this background, I also assess each country's *alignment with the IMF prescriptions*, taking deviant policies as evidence of heterodoxy. The emphasis on IMF stems from its pivotal role in promoting capital account liberalization around the world (Gallagher 2015).

Similarly, as noted by Rafferty (2017), the option for a heterodox regulation of capital flows is not an isolated decision, interacting with *other economic policies*. Therefore, relying on a broad definition of capital flow management, as put forward by Alami (2019) and Nembhard (1996), I incorporate measures that also affect the global movement of money and capital across national borders – like current account restrictions, external debt renegotiation, and the use of official reserves to reduce interest payments – into the potential arsenal of heterodox strategies.

Even though my primary focus lies on cross-border financial policies, I also discuss their articulation with processes of repoliticization of capital flow management, which take place when state managers return the visibility of the political character of this policy issue (Dönmez and Zemandl 2019). In this sense, I pay attention to institutional changes that reinforce the governing party's control over capital flow management, the importance of this issue in party manifestos, state managers' politicizing discourses, and policymakers' rhetoric towards the IMF.

The case-selection criteria stem directly from this conceptualization strategy. In this regard, I selected the case of Argentina under Kirchnerism because this was the most evident case of heterodox capital flow management, diverging from the other post-neoliberal experiences (see tables B1 and B2). In light of this decision, the choice of Brazil under the Workers' Party derives from two complementary reasons. Firstly, this case follows the typical post-neoliberal pattern on the issue, characterized by the tightening of cross-border financial regulations under the scope of an orthodox strategy of capital flow management. Secondly, despite differing in the dependent variable, the cases of Argentina and Brazil share many structural and conjunctural similarities[45] (Bizberg 2019).

Considering this most-similar systems design, I trace the post-neoliberal decisions on the strategy of capital flow management to the strength and autonomy of labor unions and social movements, on one hand, and the existence or not of strategic allies among economic elites, on the other hand. Besides this cross-case analysis, as Latin America occupies a subordinate position in the international monetary and financial system, I also build a within-case analysis to explore how external conditions shape the decision-making process of post-neoliberal parties. Accordingly, I assess the evolution of dependent and explanatory variables over two periods: the first post-neoliberal term directly after the 1998-2002 economic crisis in each country and the rest of the post-neoliberal experience in the wake of the 2007 Global Financial Crisis.

In terms of supportive evidence, I rely on IMF publications and financial openness indexes to characterize the chosen strategy of capital flow management. Concerning politicization, I analyze party manifestos, policymakers' articles, and countries' official responses to IMF staff.

[45] Argentina and Brazil share the following features: the position of largest economies in South America; the preponderance of a diversified primary sector alongside with a relevant and threatened industrial sector; the exposition to the same external shocks since the 1998-2002 Southern Cone crisis; a post-neoliberal experience that began in the same year and lasted almost the same period; similar historical path and political institutions.

Finally, regarding the explanatory variables, I build upon related academic literature and interest groups' publications.

4.4 Capital flow management in Argentina under Kirchnerism (2003-2015)

Kirchnerism has been the main political force in Argentina since 2003, when the Front for Victory (FpV), led by Nestor Kirchner, won the presidential election. After that, the same electoral alliance under the leadership of Cristina Kirchner triumphed in the two subsequent elections and remained in power until 2015. Composed of left-wing Peronists[46] and minor progressive parties[47], the FpV pushed for a post-neoliberal program, based on the commitment to full employment, the recovery of national sovereignty, the return of State as the arbiter of social relations, and the criticism towards finance and market-led development (FpV 2003; Sosa 2017).

The rise of Kirchnerism to power resulted mostly from the 1998-2002 economic crisis, which dates back to the prevalence of neoliberal policies throughout the 1990s[48] (Alonso 2010).

[46] Founded in 1946, the Justicialist Party, also known as Peronist Party, may be the most chameleonic of the populist machines, switching views in result of conjunctural pressures and the heated conflict between its left-wing and right-wing internal factions (Levitsky 2003). This conflict gains additional relevance under the current electoral system, which formally allows members of the same party to participate in rival electoral alliances. In 2003, for example, the main opponent of Nestor Kirchner was Carlos Menem, who was supported by the neoliberal faction of the Peronist Party and minor right-wing parties.

[47] The formation of the FpV dates back to the 1991 provincial elections of Santa Cruz, when Nestor Kirchner became governor after defeating the right-wing faction of the Peronist Party. Throughout the 1990s, Nestor and Cristina Kirchner, who was Senator at that time, were the main opponents to Menem's neoliberal policies, gathering the support of the left-wing factions of the Peronist Party (Sosa 2017). In this sense, the nationalization of the FpV also aimed to highlight the differences between Kirchnerism and the rest of Peronism, making possible to attract the support of minor leftist parties and progressive members of the Radical Civic Union (Gervasoni 2018). In this article, FpV and Kirchnerism are used interchangeably.

[48] The rise of neoliberalism in Argentina was led by Carlos Menem, a lifelong Peronist who won the 1989 presidential election with a national-developmentalist platform, but embraced macroeconomic orthodoxy since the first day in office (Burgess & Levitsky 2011). After his second mandate, in 1999, the Radical Civic Union, historical rival of

For instance, in terms of macroeconomic policymaking, the orthodox orientation took the form of the Convertibility Plan, a currency board that pegged the Argentinean peso to the US dollar from 1991 to 2002 (Aytac and Onis 2014). Being a cornerstone of this strategy, the commitment to capital account openness had the role of attracting foreign capital needed to sustain the fixed exchange rate and stimulate economic growth (Onis 2006). Despite its initial success, the Convertibility Plan fed current account deficit and foreign currency-denominated debt, leading to a recession in the late 1990s, presidential crisis and debt default in 2001, and currency devaluation in 2002 (Gezmis 2018). These events did not cause, however, the rupture with economic orthodoxy as the 2002-2003 caretaker government kept aligned with IMF prescriptions, framing restrictive measures as temporary initiatives[49] (IMF 2003a; Merino 2012).

Any administration entering office amid this conjuncture would have to cope with pressures for policy reorientation, especially from popular sectors. Still, there were specific factors that eroded Kirchnerism's capacity to moderate these demands. First, Argentina had a strong movement of unemployed workers and one of the highest unionization rates in the region, covering around one-third of the labor force (Cato and Ventrici 2011). Moreover, due to the crisis, the moderate direction of the largest union, the General Confederation of Labor (CGT), which had backed economic liberalization in exchange for clientelist compensations, lost ground to the Argentine Workers' Movement (MTA) and the Argentine Workers' Central Union (CTA), which

Peronism and affiliated to Socialist International, managed to win the presidential election, but kept the inherited macroeconomic policies, consolidating the political convergence around neoliberalism (Bartis 2017; Lupu 2014).

[49] The longest caretaker government was led by Eduardo Duhalde, a centrist Peronist with strong ties with manufacturing producers, who was vice-president of Menem, but did not share the same strong commitment to neoliberalism.

pushed for an immediate rupture with neoliberalism[50] (Anigstein 2019; Merino 2012). Besides strengthening the demand for deeper economic changes, this division within organized labor made negotiations more difficult since union leaders had to obtain larger victories to placate and keep their bases (Atzeni and Grigera 2019; Murillo 2000). Similarly, the lack of long-term organic ties with Kirchnerism safeguarded the relative autonomy of labor unions and social movements at least in the first interactions (Muñoz and Retamozo 2008; Schipani 2022).

This impulse for policy reorientation found an echo among domestic economic elites as manufacturers became gradually unified around the abandonment of neoliberal policies (Cantamutto 2016). In this sense, a relevant faction of industrial business leaders, affiliated to the Productive Group and the Argentine Productive Movement[51], even embraced neo-developmentalist ideas such as the subordination of globalization to the national interest, the expansion of social safety nets, the recovery of wages, the maintenance of a competitive currency, and the public stimulus to industrial production (GP 1999; Merino 2016; MPA 2001). Even though this agenda was far from a consensus among economic elites, factors like the losses of primary exporters with currency overvaluation and the post-crisis fragility of the financial sector debilitated potential sources of opposition (Campello 2015). Beyond interest-based calculations, Kirchnerism also benefitted from sharing a Peronist identity with broad factions of domestic elites, weakening rhetoric connections between post-neoliberalism and anti-capitalism (Gezmis 2018).

[50] CTA is the second largest union, composed of leftist Peronist and Trotskyists, while MTA was a CGT faction that pushed for a strong opposition to neoliberalism, becoming the leading faction of CGT in 2004 (Anigstein 2019; Merino 2012).

[51] Initially composed of the Unión Industrial Argentina (UIA), the Argentine Chamber of Construction (CAC) and the Argentine Rural Confederation (CRA), the Productive Group emerged in 1999 to resist the preponderance of the financial interests in the economic policymaking. After that, in 2001, the Argentine Productive Movement emerged as a permanent lobby for this agenda (Merino 2016).

Considering these societal preferences, it is possible to conclude that both popular sectors and business interests favored the adoption of a heterodox strategy of capital flow management by the first FpV administration. In this sense, in face of strong and autonomous popular organizations, the building of a stable political majority presupposed the use of macroeconomic policies to obtain immediate progress in terms of growth and employment, consequently requiring further control over cross-border transactions. Additionally, instead of harming the government's credibility, this policy reorientation had key allies among domestic economic elites, such as manufacturing producers that embraced interventionism to recover national production and external competitiveness.

Against this background, the presidency of Nestor Kirchner (2003-2007) took three interrelated measures that affected the country's relationship with global markets. First, Kirchner renegotiated the external debt with most foreign creditors, gaining further policy space to maintain low-interest rates and increase public expenditure (Campello 2015). Moreover, amid the commodity boom, the FpV administration introduced a mandatory one-year unremunerated deposit for all kinds of capital inflows to keep a competitive exchange rate and safeguard financial stability (Aytac and Onis 2014; Fernandez et al. 2016). Finally, the government deployed export surrenders and taxes to the primary sector, seeking to contain currency overvaluation but also fund further social protection (IMF 2005a; Richardson 2009).

Following the definition proposed in the previous section, these measures signaled a move toward a heterodox capital flow management. In terms of capital account regulations, for instance, the chosen restrictions affected a broad set of transactions. Despite relying on price-based instruments, the extensive inflow controls were not aligned with the IMF guidelines at that moment. Furthermore, these regulations were complemented by initiatives that curbed the cross-border movement of money and capital in the realms of current account and public debt.

The option for the heterodox strategy came alongside a process of repoliticization. In this sense, FpV manifestos took the 1998-2002 crisis as a result of the dismantlement of national production, the prevalence of financialization, and the foreign control over strategic sectors (FpV 2003, 2007). Going even further, state managers like the Minister of Economy, Roberto Lavagna, were open about the political motivation of capital flow management, referring to the threat of speculative inflows, the risks of relying on foreign capital, the need for active manipulation of the exchange rate, and the defense of domestic manufacturing industry (Lavagna 2003). The government also kept polarizing rhetoric toward the IMF, blaming the organization for neoliberal reforms and their harmful consequences (Alonso 2010; IMF 2005a).

As expected, the deployment of further cross-border restrictions had a positive impact on manufacturing producers, who benefitted from the increased external competitiveness and/or the weakening of import competition (Damill et al. 2015). In the case of workers, the implications were less straightforward since the heterodox capital flow management was part of a broader bargain, which included the government's commitment to full employment, income redistribution, and revitalization of more unionized sectors (Muñoz and Retamozo 2008). Conversely, the adopted measures imposed losses on financial and primary sectors, even though the weak currency partially compensated for the latter interests (Campello 2015; Oliveira 2019). In aggregated terms, due to either the commodity boom or the policy reorientation, the presidency of Nestor Kirchner managed to boost growth and employment, while keeping current account surplus, fiscal balance, and a relatively moderate inflation rate (Wylde 2014).

During the presidencies of Cristina Kirchner (2007-2015), however, there was a deterioration of this macroeconomic performance. On the internal front, the recovery of growth and employment fed the distributive conflict, fostering inflationary pressures that gradually eroded external competitiveness and fiscal balance (Damill et al. 2015; Wylde 2016). Moving to the global stage, events like the 2007 crisis, the FED tapering, and the end of the commodity boom harmed export-led demand and fueled capital outflows (Steinberg and Nelson 2019). Taking advantage of this context, holdout creditors, mostly vulture funds, brought lawsuits against Argentina in US courts, further restricting the country's access to financial markets (Guzman 2020).

Despite this challenging conjuncture and the good performance before the crisis, Kirchnerism did not gain much margin of maneuver in the relationship with its core constituencies, which kept pushing for expansionary macroeconomic policies. In this regard, besides the already high unionization rate, the low unemployment, and the broader collective agreements strengthened the position of labor unions, which relied on this increased bargain power to defend wages and public expenditure in the tripartite negotiations (Anigstein 2019; Marticorena 2015). Moreover, reflecting the fact that Kirchnerism did not control all currents within these organizations, both unions and social movements remained relatively autonomous, engaging in a relevant number of strikes and demonstrations (Elbert 2017; Etchemendy 2019; Schipani 2022). Finally, in terms of coalition-building, the government became more dependent on workers' support as a means to compensate for the growing dissatisfaction from the middle classes and primary exporters (Steinberg 2017).

Regarding the relationship between Kirchnerism and economic elites, there was not much change in the preferences of each interest group, however, the level of polarization increased in response to macroeconomic deterioration. For instance, due to the inflationary pressures and the attempt to raise export taxes, the government faced fierce opposition from rural producers, who even organized an agrarian strike in 2008 (Wylde 2016). In the case of manufacturers, despite the growing concern over inflation and external competitiveness, it was possible to keep their support through three complementary channels. Firstly, the combination of increased public expenditure and low-interest rates helped to sustain the aggregate demand amid the retreat of exports (Steinberg 2017; Schorr 2021). Additionally, the government nurtured a small group of producers, which benefitted from public contracts (Manzetti 2014). Finally, throughout its successive administrations, Kirchnerism reinforced its Peronist identity by strengthening the ties with inward business groups and benefitting from the impact of the 2007 crisis on neoliberalism's image (Gezmis 2018).

Considering the aforementioned societal preferences, both popular sectors and business interests kept favoring a heterodox strategy of capital flow management during the presidencies of Cristina Kirchner. At the former channel, for example, the increased bargain power of popular organizations vetoed either internal or external devaluation, turning the insulation from global markets into a politically safer option in face of worsening economic conditions. Certainly, doubling the bet on interventionism could risk the relationship with economic elites, however, the government managed to keep key allies, especially among manufacturers.

Against this background, the administration led by Cristina Kirchner (2007-2015) took several measures with implications for the country's relationship with global markets. Firstly, in 2009, against the will of the central bank's chair, the government used foreign exchange reserves to create the so-called Bicentennial Fund and reduce the costs of interest payments (Formento and

Merino 2010). Regarding foreign investors, despite the reversal of the global financial cycle, the administration kept the inherited reserve requirements over capital inflows (Fernandez et al. 2016).

Moving to the initiatives that more directly affected domestic interests, since 2011, the government deployed successive restrictions over many kinds of financial outflows to avoid capital flight and its inflationary implications, including limits, approval and repatriation requirements, surrenders, and prohibitions (Fernandez et al. 2016; IMF 2016; Steinberg and Nelson 2019). Following similar principles, despite failing to obtain legislative support for its increase in 2008, the Kirchner administration maintained the tax over primary exports (Gezmis 2018).

In light of the theoretical framework of this article, it is safe to conclude that the presidencies of Cristina Kirchner deepened the option for a heterodox strategy of capital flow management. Going even further against the IMF toolkit, the deployed controls affected almost all transactions, being far from using only price-based instruments. Additionally, these pervasive regulations were complemented by the active management of official reserves and the reinforcement of current account restrictions.

This heterodox strategy was also followed by a process of repoliticization. At the level of institutions, Cristina Kirchner took advantage of the political crisis related to the Bicentennial Fund for approving the revision of the central bank's objectives, which passed to include economic development, employment creation, and income equality[52] (Damill et al. 2015). In terms of

[52] Throughout the years, the profile of the Minister of Economy and the central bank chair became more aligned with heterodox economics. At the first position, for instance, Roberto Lavagna, a moderate neo-developmentalist with diplomatic background, gave space for economists with a clearer engagement in the leftist activism like Felisa Miceli and Axel Kicillof. Similarly, at the central bank, Martin Redrado, a mainstream economist with a Harvard diploma, was followed by scholars with heterodox positions such as Mercedes del Pont and Alejandro Vanoli.

political discourse, FpV manifestos continued to criticize financialization and foreign control over strategic sectors (FpV 2011, 2015). Moreover, as shown by Steinberg and Nelson (2019), the restrictions over capital outflows became an issue of mass politics, being at the center of the public debate. Accordingly, state managers, like ministers of economy and chairs of the central bank, were open about the political motivation of capital flow management, making arguments about the prioritization of income redistribution, the defense of monetary sovereignty, the rupture with neoliberal macroeconomic policymaking, and the class-based motivations of capital flight (Kicillof and Nahon 2006; Pont 2011; Vanoli 2018). Finally, the rhetoric towards the IMF remained polarizing, accusing the organization of fueling capital outflows and holdout creditors' charges (IMF 2016; Wylde 2016).

The consolidation of a heterodox strategy of capital flow management favored the interests of workers, who obtained an increased wage share and an extended social protection amid worsening economic conditions (Etchemendy 2019; Steinberg 2017). In the case of domestic manufacturing producers, even though industrial exports lost momentum due to currency overvaluation, the adoption of interventionist policies shielded by cross-border restrictions helped to slow down deindustrialization, retain national control over some sectors, and even support the external competitiveness of some activities like vehicle and machinery manufacturing (Lavarello and Mancini 2017; Schorr 2021). Conversely, this policy trajectory deepened the losses of the financial and primary sectors, consolidating their rupture with the government (Etchemendy and Puente 2017; Wylde 2016).

In aggregated terms, the macroeconomic performance of Cristina Kirchner showed two clear stages. During the first presidency, despite gradually sacrificing fiscal and price stability, the immediate response to the 2007 crisis was successful in terms of growth, employment, and income redistribution, paving the way for easy re-election in 2011 (Damill et al. 2015). After that, by either worsening global conditions or the bet on an excessive interventionism, inflation surged and growth entered a stop-and-go trajectory (Gerchunoff and Rapetti 2016). Even though this process culminated with a right-wing electoral victory in 2015, Kirchnerism remained the strongest political force in the country, maintaining the support of half of the voters.

4.5 Capital flow management in Brazil under Workers' Party (2003-2016)

After consecutive defeats in the second round, the Workers' Party (PT), led by Luiz Inácio Lula da Silva, finally won a presidential election in 2002. Based on a heterogeneous alliance, which gradually incorporated many center-right parties, the PT remained in power until 2016, when Dilma Rousseff, Lula's chief of staff and successor, was removed from office by a controversial impeachment. Composed of different left-wing tendencies, the PT gradually moved from a socialist to a post-neoliberal platform, focusing on the support for income redistribution, the extension of participatory democracy, and the criticism of finance and market-led development[53] (Hunter 2007; PT 1989, 2002a, 2002b).

[53] Founded in 1980, the Workers' Party resulted from the convergence of clandestine organizations that resisted the military dictatorship, progressive Catholic communities, and the most dynamic labor unions of the country. In its first decade, the party programme pushed for democratic socialism, criticizing social-democracy, left-wing populism, and Soviet communism (Amaral and Power 2015). Throughout the 1990s, however, after winning some local elections, PT gradually restricted its agenda to the opposition to neoliberalism, seeking to build broader alliances with center-left and even center-right parties as a means to win the presidential election (Hunter 2007).

Like Kirchnerism, the rise of PT to power took advantage of the 1998-2002 economic crisis, which dates back to the prevalence of orthodox policies throughout the 1990s[54] (Campello 2015). In terms of macroeconomic policymaking, after failed initiatives in the early 1990s, the adherence to neoliberalism gained momentum with the Real Plan, a stabilization program, launched in 1994, that relied on a quasi-fixed exchange rate regime to defeat hyperinflation (Boito 2007). The gradual removal of capital controls was at the center of this strategy by sustaining a strong currency through the attraction of foreign investments (Treisman 2004). Despite achieving price stability, the policy regime that emerged from the Real Plan boosted the current account deficit and foreign currency-denominated debt, leading to a forced currency devaluation in 1999 (Saad-Filho 2020). In the face of this crisis, there was a policy reformulation that deepened the commitment to capital account openness, while replacing the quasi-fixed exchange rate with the so-called macroeconomic tripod, composed of primary surplus, inflation targeting, and floating exchange rate[55] (Loureiro and Saad-Filho 2019).

Despite the similar economic context, at the beginning of the new government, the relationship between PT and social groups did not resemble what Kirchnerism experienced. For instance, concerning the core constituencies, many factors helped to moderate the demands from popular organizations. Firstly, Brazil had a low unionization rate, covering less than one-quarter

[54] The rise of neoliberalism in Brazil began with the victory of Fernando Collor in the 1989 presidential election. After boosting economic liberalization, this right-wing government failed to tame inflation with a monetarist plan, being impeached in 1992 due to successive corruption scandals (Flynn 1993; Panizza 2000). In this context, the consolidation of neoliberalism came with the presidencies of Itamar Franco (1992-1994) and Fernando Henrique Cardoso (1995-2002), which combined liberalizing reforms, orthodox macroeconomic policies, and compensatory social programmes, as proposed by the Third Way agenda (Silva and Bandeira 2021).

[55] Unlike Argentina, however, the currency crisis did not lead to a presidential crisis. In this sense, even though experiencing a strong drop in the approval of his administration, Cardoso managed to stay in power until the end of his term in 2002.

of the labor force, and relatively incorporated social movements[56] (Campos 2014). Moreover, throughout the 1990s, labor unions increased their participation in governmental forums, gradually prioritizing insiders' compensation and sectoral protection to broader policy considerations (Riethof 2019). Alongside this process, unions also seemed to lose their capacity or willingness to mobilize workers, leading, for example, to a reduction in the number of strikes (Boito 2007). Finally, the largest and more mobilized union, Unified Workers' Central (CUT), had historical ties with PT, while the other relevant organizations, like Union Strength (FS), were politically more moderate and connected to junior parties of the PT-led coalition[57] (Ribeiro 2014; Schipani 2022).

On the other hand, unlike Kirchnerism, PT did not have much margin of maneuver when it came to economic elites. In this sense, despite the growing concern with economic stagnation and social cohesion, the maintenance of the macroeconomic tripod was a cross-sectoral consensus among business leaders (Diniz 2011). This position included even industrial associations like National Industry Confederation (CNI) and Federation of Industries of the State of São Paulo (FIESP), which criticized high interest rates and exchange rate misalignments but kept a distance from measures that could threaten fiscal balance and price stability (CNI 2002; FIESP 2002; Boito and Saad-Filho 2016). Also adding to this context, domestic private banks retained their market power amid the instability of the 1990s, mobilizing their political influence in favor of macroeconomic orthodoxy (Etchemendy and Puente 2017). Finally, different from Kirchnerism,

[56] Among these movements, the most important one is the Landless Workers' Movement (MST), which was created in the mid-1980s to push for land reform.
[57] It is important to note that Brazil has a relatively fragmented labor movement, in which political parties with relevant ties with unions lead separate organizations.

which could rely on a shared Peronist identity, PT did not have organic ties with business leaders, being more exposed to accusations of seeking an anti-capitalist agenda (Singer 2012).

Considering the aforementioned societal preferences, it is possible to conclude that neither popular pressure nor business interests favored the adoption of a heterodox strategy of capital flow management at the beginning of PT administration. Specifically, weak and subordinated labor unions and social movements could not impose an immediate reorientation of economic policymaking, decreasing the need for cross-border financial restrictions. Moreover, in the absence of strategic allies among economic elites, a rupture with macroeconomic orthodoxy could have caused irreversible damage to the new government's credibility and support among business leaders.

Against this background, the first presidency of Lula (2003-2006) took three interrelated initiatives. Firstly, the new government resorted to fiscal consolidation to increase the primary surplus and meet inherited commitments with foreign creditors (IMF, 2003b). At the same time, while keeping one of the highest interest rates in the world, the PT administration further removed capital controls to attract foreign investments (Fernandez et al. 2016; IMF 2005b). Besides boosting official reserves, the increased capital inflows also made the currency stronger, helping to fulfill the yearly inflation targets (Afonso et al. 2016). Finally, taking advantage of the commodity boom and the growing credibility with global markets, the central bank gradually changed the composition of public debt, replacing foreign with local currency-denominated bonds (IMF 2006).

Unequivocally, these measures meant the preservation of the inherited orthodox strategy of capital flow management. In this sense, the impulse for capital account liberalization was fully aligned with IMF prescriptions. Furthermore, both fiscal and monetary policies reinforced a subordinate pattern of financial integration at the expense of its implications for national sovereignty and industrial development.

In terms of policy framing, state managers relied on a depoliticizing discourse to justify the option for orthodoxy. For instance, PT manifestos moderated the references to capital mobility, criticizing the excessive dependency upon foreign investments, but also highlighting their contribution to development and pledging to respect inherited contracts (PT 2002a, 2002b). Going even further, the Minister of Finance, Antonio Palocci, and the central bank chair, Henrique Meirelles, made a strong commitment to rule-based policymaking, which implied avoiding exchange rate interventions, while fulfilling fiscal and inflation targets (Meirelles 2009; Palocci 2007). In their approach, the integration into global markets and the attraction of capital inflows were welcomed as a sign of the credibility of the country's policymaking. Accordingly, the government kept cooperative rhetoric toward the IMF, overcoming the reciprocal mistrust (IMF 2006; Palocci 2007).

As expected, the combination of high interest rates and liberalized capital flows harmed industrialists, who lost external competitiveness and faced further import competition (Boito 2007). In the case of workers, the implications were twofold since the orthodox capital flow management favored the recovery of purchasing power at the same time that slowed down growth and deepened deindustrialization (Singer 2012; Loureiro 2020). On the other hand, the adopted measures benefitted the domestic private banks by expanding their operations and profits as a result of the development of local financial markets and the consequent integration into international transactions (Dodd and Griffith-Jones 2007; Etchemendy and Puente 2017; Lavinas

2018). In aggregated terms, despite restoring macroeconomic stability and expanding social protection, the first presidency of Lula obtained only moderate progress in terms of growth and employment, failing to address structural challenges like the retreat of the industrial sector and the prevalence of primary exports (Silva and Bandeira 2021).

Even though inclusive neoliberalism, as defined by Saad-Filho (2020), was enough for Lula's re-election in 2006, successive shocks on the external front introduced new challenges to the PT administration. During the second term of Lula (2007-2010), the eruption of the Global Financial Crisis fed the contestation to neoliberal reforms, reducing the stigma of economic interventionism (Naqvi 2021). Moreover, the subsequent monetary response from core economies boosted capital flows to financially integrated emerging markets like Brazil, increasing the pressure on the country's manufacturing industry (Gallagher 2015). After that, during the presidency of Dilma Rousseff (2011-2016), the Federal Reserve tapering and the end of the commodity boom harmed growth prospects, fostered inflation, created a fiscal imbalance, and boosted capital outflows (Alami 2019).

This challenging conjuncture did not alter the position of popular organizations toward state managers. For instance, the unionization rate remained stagnated despite the context of low unemployment and broader collective agreements (Campos 2014). Similarly, even though strikes became more frequent during the Rousseff administration, the number of paralyzed hours did not follow the same trend, being mostly circumscribed to the public sector (Ferraz 2018). Besides exploring partisan ties, the government also reinforced the control over union leaders through funding provisions and pension funds' management positions[58] (Riethof 2019). Accordingly, the main popular organizations prioritized institutionalized negotiations, subordinating their demands to what was also supported by industrial business associations (Doctor 2007; Schipani 2022).

The political fragility of popular organizations became evident during the 2013 protests. During the demonstrations, the largest unions and social movements were not major protagonists, being unable to shape the protest agenda towards the reorientation of economic policymaking (Singer 2018). Consequently, small leftist youth movements, which began the mobilization with a focus on the public services fees and the costs of mega-events, lost space to right-wing groups, which emphasized corruption scandals and resisted redistributive policies (Alami 2019). In the years that followed the protests, despite the growing dissatisfaction among workers, the leaders of the largest popular organizations remained subordinate to the governing party, containing bottom-up mobilization and paving the way for a New Right mass movement, which took the streets with the support of business owners, middle classes, and even informal workers (Riethof 2019).

Moving to the case of domestic economic elites, their relationship with the PT administration evolved according to the global financial cycle. Right after the 2007 crisis, for example, manufacturing producers built an alliance with labor unions to push for broader industrial policies. This led to a deepening of the criticism against currency overvaluation and high-interest rates (CUT, FS and FIESP 2011). Even though this move did not signal a rupture with the macroeconomic tripod, industrial associations became closer to the government in the public

[58] In the same vein, as a result of PT policies for the primary sector, MST lost part of its influence with the foundation of the National Federation of Family Farming Workers in 2004, which gathered small farmers that prioritized the access to governmental incentives over the progress of agrarian reform.

debate, providing legitimacy to some interventionist measures[59] (Boito 2020). On the other hand, domestic private banks kept their defense of macroeconomic orthodoxy, contending that abrupt policy changes could risk hard-won stability and have little effect on long-term economic challenges (Gallagher 2015). In general, even though economic elites increased their trust in PT's commitment to the market economy, the ties between the party and business leaders remained oriented in the short-term, being usually mediated by center-right allied parties (Singer 2018).

The situation changed drastically in 2013 after the FED taper tantrum and the end of the commodity boom. In this new context, manufacturers blamed the government for economic deterioration and joined the financial sector in the defense of fiscal consolidation and internal devaluation[60] (Skaf 2015). Reflecting the structural fragility of the relationship between PT and economic elites, the rhetorical nexus between PT and statism gained momentum, eroding the government support among center-right parties (Singer 2018).

Considering the aforementioned societal preferences, it is possible to conclude that neither popular pressure nor business interests favored the option for a heterodox capital flow management following Lula's re-election. At the former channel, popular organizations remained incapable or unwilling to push for deeper policy reorientation. Similarly, right after the Global Financial Crisis, manufacturers passed to support some expansionary and interventionist measures but refrained from endorsing any rupture with the macroeconomic tripod. This lack of strategic allies among

[59] The proximity was even stronger in the case of the so-called national champions, large Brazilian companies, especially from engineering, mining, and agrobusiness, that counted with tax incentives and State-owned credit supply in their internationalization strategies (Doring et al. 2017; Loureiro and Saad-Filho 2019).

[60] The main leader of this rupture with the government was the president of FIESP, Paulo Skaf, which organized a massive campaign against tax increases (Skaf 2015).

domestic economic elites became evident after 2013 when a worsening conjuncture unified business leaders around the defense of neoliberal policies.

Against this background, during the second term of Lula (2007-2010) and the presidency of Rousseff (2011-2014), PT attempted to foster growth by rebalancing some economic policies. For example, the government increased public expenditure to fund infrastructure projects, subsidize the industrial sector, and counteract contractionary pressures (Doring et al. 2017; Singer 2018). Moreover, the central bank gradually cut policy interest rates to boost private investment and discourage speculative investments[61] (Prates et al. 2020).

Regarding capital flow management, the Ministry of Finance imposed taxes on short-run capital inflows such as external loans and portfolio operations to mitigate currency overvaluation and financial instability (Fernandez et al. 2016; IMF 2010). Additionally, as these controls were not enough to curb the massive carry trade operations, policymakers extended taxation to foreign exchange derivatives based on the notional value of investors' long net positions in Brazilian reais (Alami 2019).

Following the 2013 taper tantrum, however, all these policies were revised in an attempt to safeguard macroeconomic and financial stability. For instance, the central bank adopted a contractionary monetary policy to prevent the resurgence of inflation (Braga and Purdy 2019). Following the same rationale and in the face of surging capital outflows, the Ministry of Finance eased the price-based controls, while the monetary authority resorted to costly currency swaps to avoid an abrupt currency devaluation (Cunha et al. 2020; IMF 2013, 2015). Finally, right after

[61] Additionally, the government also used State-owned credit supply to put pressure over private banks' interest rates (Singer 2018).

Rousseff's re-election, the government embraced fiscal consolidation, cutting public expenditure (Singer 2018).

Considering my theoretical framework, it is possible to conclude that the PT administration did not move towards a heterodox strategy of capital flow management. In line with the new IMF position, the deployed controls targeted some capital inflows through market-based instruments. In this sense, despite being an institutional innovation, the tax over foreign exchange derivatives did not break with price-based design, including even Brazilian exchanges for stocks and derivatives in its implementation. Finally, the option for currency swaps instead of outflow restrictions indicated a strong commitment to capital account openness.

In the same vein, there was no consistent rupture with the depoliticizing discourse. For instance, the PT manifestos did not mention capital mobility or financialization, making only a few references to the reduction of external vulnerability (PT 2006, 2010, 2014). Moreover, the Minister of Finance, Guido Mantega, presented the post-crisis policy change, the so-called new economic matrix, as an update of the macroeconomic tripod, which only became possible as a result of the stability achieved by the first PT government (Mantega 2012). Accordingly, other state managers, like the new central bank chair, Alexandre Tombini, and the Executive Secretary of the Ministry of Finance, Nelson Barbosa, framed the adopted inflows controls as prudential regulations that did not respond to political considerations (Barbosa-Filho 2020; Gallagher 2015).

The main change in the framing of capital account policies took place on the international front. In this sense, Rousseff and Mantega denounced the negative spillovers caused by Quantitative Easing in core economies, using terms like liquidity tsunami and even currency war (Alami 2019). On one hand, by emphasizing unequal interstate relations, this rhetoric could be interpreted as evidence of discursive repoliticization. On the other hand, as previously mentioned, Brazilian state managers relied on this discourse to frame the deployed controls as a second-best corrective measure to the market distortions associated with developed countries' unconventional monetary policies. This depoliticizing approach to capital mobility may explain why state managers kept a cooperative rhetoric towards the IMF, being able to build a regulatory common ground with the organization (Mantega 2009, 2012b; IMF 2015).

Moving to the impact on interests, the new economic matrix favored manufacturers, who benefitted from lower taxes and interest rates, increased government-led demand, and mitigated currency overvaluation (Boito 2020). Workers also took advantage of expansionary macroeconomic policies, which led to low unemployment and improved social inclusion (Loureiro 2020). Private banks, in contrast, perceived the reduction of interest rates and the expansion of public credit supply as a threat to their market power (Singer 2018). Finally, after the FED taper tantrum, the abandonment of the new economic matrix met the demands of all factions of the economic elite at the expense of workers' interests (Braga and Purdy 2019).

In aggregated terms, as in the case of Argentina, the post-crisis performance of PT administration showed two clear stages. Right after the Global Financial Crisis, while keeping relative fiscal and price stability, the expansionary macroeconomic response boosted growth, employment, and income redistribution, which paved the way for electoral victories in 2010 and 2014. Following the FED taper tantrum, by either worsening global conditions or policy failures, growth plummeted and inflation surged, leading to a gradual erosion of PT support which culminated in the impeachment of Rousseff in 2016 (Saad-Filho 2020).

4.6 Collinearity

A potential criticism of my case-selection stems from the fact that both explanatory conditions – the pressure from popular sectors and the existence of strategic allies among economic elites – go in the same direction. In other words, both conditions favored the adoption of a heterodox strategy of capital flow management in Argentina and neither of them did in Brazil.

In line with the approach followed by Belin (2000), it is possible to address this issue of collinearity by briefly discussing the case of Ecuador under the administration led by Rafael Correa (2007-2017). In Ecuador, strong social movements, especially indigenous ones, led the opposition to neoliberal policies, fueling the mid-2000s political crisis that paved the way for the electoral triumph of Correa (Etchemendy 2021; Sánchez and Polga-Hecimovich 2019). These popular organizations managed to keep their autonomy from the ruling party, by organizing relevant protests or even supporting other progressive parties (Becker 2013). Despite this high pressure from below, Correa could not count on strategic allies among domestic economic elites, which jointly opposed most governmental initiatives, imposing their gradual moderation, especially in the economic realm (Wolff 2016).

Table 4. 2. Capital Flow Management - Comparison between Argentina, Brazil, and Ecuador

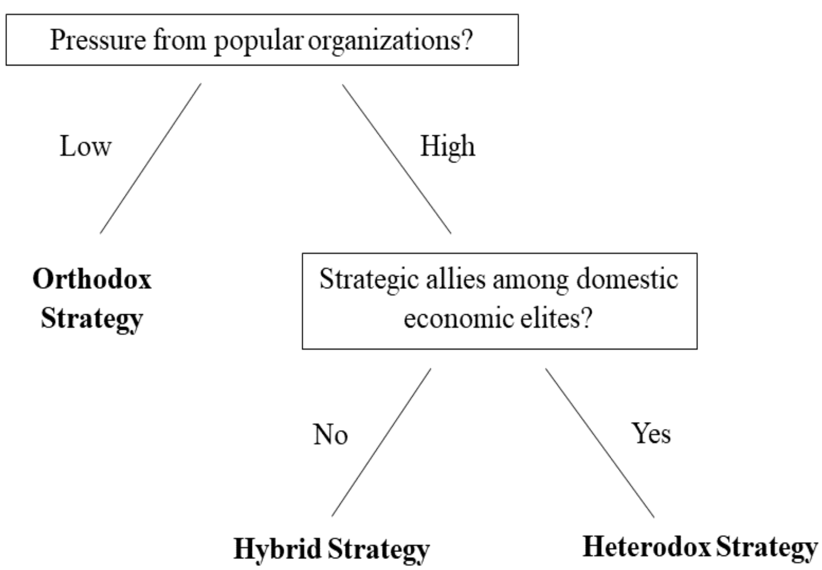
	Brazil	**Argentina**	**Ecuador**
Policy tools	Cyclically-adjusted price-based controls	Permanent administrative and price-based controls	Permanent price-based controls
Coverage of Regulations	Narrow (focus on short-term inflows)	Broad (most kinds of inflows and outflows)	Intermediate (all kinds of outflows)
Supportive Heterodox	No	Yes (external debt renegotiation;	Mixed (debt renegotiation;

Measures		tax over primary exports; Bicentennial Fund)	maintenance of dollarization)
Alignment with IMF toolkit	Yes	No	Partial

Source: the author.

The outcome of these contradictory pressures was a hybrid capital flow management (see Table 4.2). On one hand, departing from the IMF toolkit, this strategy imposed restrictions on all kinds of capital outflows and obtained a favorable external debt renegotiation (Unda and Margret 2015). On the other hand, in line with IMF prescriptions, the Ecuadorian government resorted only to price-based controls, keeping a focus on financial stability, and refraining from any rupture with the dollarized exchange rate regime (Wolff 2016). Figure 4.1 summarizes the role of social forces in shaping the strategy of capital flow management chosen by post-neoliberal parties.

Figure 4. 1. Social Forces and Capital Flow Management under Post-Neoliberal Parties



Source: the author

The choice of this visual representation stems from the sequential nature of the post-neoliberal parties' decisions. In this sense, first, the popular pressure puts the heterodox strategy of capital flow management on the table of the governing party. After that, the existence of allies among economic elites reduces the cost of this option, allowing it to become a reality. As the cost will never be zero, it is unlikely that post-neoliberal parties will resort to heterodoxy without a high level of pressure from core constituencies.

To some extent, the first administration of Michele Bachelet in Chile illustrates this argument. In 2006, the Socialist Party won the presidency with the support of the ruling center-left alliance that had been in power since 1985. Despite a stable relationship with business groups (Soederberg 2002), as popular sectors were not strong and autonomous enough to exert pressure over the government, there was no incentive for breaking with orthodox capital flow management, which remained based on cyclically-adjusted and selective price-based regulations over inflows (Fernandez et al. 2016; Madariaga 2017).

4.7 Final remarks

With a focus on Latin American post-neoliberalism, this article discussed what enables the rupture with orthodox capital flow management. Based on case studies on Argentina under Kirchnerism and Brazil under the Workers' Party, I conclude that two conditions contribute to the move towards a heterodox strategy. Firstly, the autonomy and the strength of labor unions and social movements favor heterodoxy by increasing the government's need for autonomy over macroeconomic policy. After that, given this popular pressure, the existence of strategic allies among economic elites – such as, for example, part of manufacturing producers – enables the option for heterodoxy by compensating for credibility losses that such strategy could cause.

By highlighting the policy diversity that characterized these experiences, my theoretical framework offers two contributions to the debate centered on recent instances of reregulation of capital flows. Firstly, my framework highlights that capital controls aligned with economic orthodoxy reinforce subordinate patterns of financial integration instead of expanding national policy space. In this sense, as orthodox reregulation was the most prevalent strategy in Latin America, this critical perspective sheds light on the limits of the recent impulse for cross-border financial restrictions. Furthermore, by proposing that heterodox capital flow management depends on a rare combination of popular pressure and elite allies, my argument helps to make sense of the reasons why progressive governments have frequently refrained from curbing capital mobility, especially at the capitalist periphery.

The analysis of the social underpinnings of the variegated strategies of capital flow management also has broader implications for the prospects of Latin American post-neoliberalism. For instance, the pivotal role of popular pressure for securing at least some divergence from economic orthodoxy indicates that strengthening labor unions and social movements is as much strategic as winning elections, even for left-of-center parties that keep their inclusionary agenda within the confines of capitalism. In this sense, as illustrated by most post-neoliberal experiences, it is important to note that the possibility of capital-labor pacts around heterodox policies has lost ground with the progress of financialization and the internationalization of peripheral bourgeoisies. Moreover, as observed in Argentina, even when these 'progressive' cross-class alliances are possible, they still have to contend with the opposition of relevant factions of domestic economic elites and the inherent vulnerabilities of a peripheral economy, showing difficulties to turn defensive measures into a sustainable transformation of social and economic structures.

Finally, the conclusions of this article allow reflecting on the relationship between form and content of economic policymaking. In this regard, even though this is not an automatic nexus, the adoption of orthodox economic policies by post-neoliberal governments contributed to consolidating depoliticizing discourses and institutions across Latin America. As depoliticization moves an issue away from public debate, this process had negative repercussions for the region's democracy, weakening societal resistance against the return of right-wing neoliberal parties to power.

5. Post-Neoliberalism and External Financial Liberalization: Comparing Left-Wing and Right-Wing Populism[62]

In the transition from the 1980s to the 1990s, neoliberalism became the dominant policy paradigm in emerging and developing countries, replacing different patterns of economic interventionism with the impulse for market reforms (Ban 2016). Among many prescriptions, one of the cornerstones of this agenda was the pursuit of external financial liberalization (EFL), which was expected to boost private investment, as well as contribute to consumption smoothing, financial development, inflation control and institutional improvement (Henry 2007; Levine 2001).

However, while the empirical literature regarding these benefits remains inconclusive (Prasad and Rajan 2008), the negative consequences of EFL have been made clear in the form of more frequent currency and financial crises, especially throughout the 1990s and 2000s (Ostry et al. 2016). This context paved the way for so-called post-neoliberalism – an umbrella term that encompasses a myriad of hybrid projects that reinforced state functions and repoliticized development issues without fully departing from neoliberal governance (Grugel and Riggirozzi 2012). In regard to financial policy, post-neoliberalism may include the protection of domestic banks against foreign competitors, the tightening of capital flow management, and the strengthening of state-owned credit supply.

[62] An earlier version of this chapter was published by Government and Opposition (see Silva 2021b).

In some countries, the economic instability associated with neoliberal reforms fed support for populist parties which embraced post-neoliberalism as a path to power (Wylde 2016; Toplišek 2020). In these cases, the specific content of post-neoliberal agendas reflected the fact that populism is a thin-centered ideology in which the Manichean description of pure people and evil elite varies according to the ideological features of each political party (Mudde 2004, 2021). According to this ideational approach, left-wing populists pledge to defend the subordinate socioeconomic strata against the economic elite as a whole, targeting both domestic and foreign capitalists (Mudde and Kaltwasser 2013; Roberts 2021). Right-wing populists, on the other hand, mobilize nativist grievances against a myriad of external threats, taking native entrepreneurs as part of the pure people, while excluding ethnic minorities, immigrants, and the "undeserving poor" (Filc 2015; Enyedi 2016).

Against this background, this article discusses the relationship between the ideological underpinnings of populist parties and their policies towards the inherited levels of external financial liberalization. Besides assessing if these parties have embraced post-neoliberalism, I investigate to what extent left-wing and right-wing populisms differ in their policy goals and instruments.

In light of this research question, my preliminary argument is that both kinds of populism are compatible with post-neoliberal policies that hold EFL back. However, reflecting their ideological underpinnings, I contend that left-wing and right-wing populisms target different EFL dimensions, leading to contrasting combinations of financial restrictions. Specifically, left-wing populist parties tend to characterize financial interests as the cornerstone of the economic elite, ergo choosing measures that affect both domestic and foreign investors, such as capital controls and prudential regulations with repercussions for cross-border flows; whereas right-wing populist parties are more inclined to target only foreign actors that allegedly harm the national economy, therefore focusing on selective measures to curb the market power of foreign banks.

Methodologically, I build a comparative case-study centered on Argentina under Kirchnerism (2003-15) and Hungary under Viktor Orbán (since 2010). On the one hand, these cases are populist administrations that attained power in a context of financial instability associated with economic liberalization (Gesmis 2018; Johnson and Barnes 2015). On the other, they represent different varieties of populism, being respectively prototypical cases of left-wing and right-wing subtypes (Aytaç and Onis 2014; Enyedi 2015).

The contribution of this article lies in the intersection between comparative and international political economy by articulating the recent literature on populism, post-neoliberalism, and financial nationalism. In this regard, I build upon the diversity of populist and post-neoliberal experiences to shed light on the ideational determinants of EFL. Furthermore, I add to the debate surrounding financial nationalism by giving equal importance to measures targeting banking ownership and capital flow management.

After this introduction, the remainder of this paper is organized as follows. The next two sections discuss what neoliberalism, post-neoliberalism and populism mean for external financial policies. The third section details the research design. The fourth and fifth sections analyze financial policies in Argentina and Hungary under left-wing and right-wing populism. The sixth section contrasts the main argument with alternative explanations. The final section presents the conclusions of the article.

5.1 External financial liberalization: from neoliberalism to post-neoliberalism

As previously discussed, neoliberalism became prevalent in emerging and developing countries in the transition between the 1980s and 1990s. Building upon Karl Polanyi's (1980) notion of double movement, Ban (2016) conceptualizes neoliberalism as a set of ideas and policies which aim to dismantle institutional arrangements that restrict the self-regulating market.

In this agenda, external financial liberalization – defined here as the combination of the deregulation of capital flows and the entry of foreign banks into previously captive financial systems (Wolfson and Epstein 2013) – occupies a key position for three primary reasons. Firstly, neoliberal ideologues conceive the right to move capital across borders as a corollary of the right to property, taking capital controls as a threat to the market system (Palley 2009; Soederberg 2002). Secondly, EFL is expected to boost private investment and economic growth by contributing to microeconomic efficiency, financial development, institutional improvement, consumption smoothing, attraction of foreign credit, and reduction of interest rates (Henry 2007; Levine 2001). Finally, the control of domestic credit supply by foreign banks and the integration into global financial markets exert a disciplining influence over policymakers, favoring further market reforms such as the privatization of state-owned companies and the adoption of inflation-targeting regimes (Prasad and Rajan 2008).

Besides the rise of governments committed to the neoliberal agenda, EFL progress in emerging and developing countries also stemmed from the pressure exerted by core countries and multilateral organizations, which included liberalizing reforms as a condition to external debt refinancing and regional integration initiatives, as well as technological changes which eroded the effectiveness of financial regulations (Andrews 1994; Obstfeld and Taylor 2004). According to Chinn and Ito (2006, 2020) and Cull et al. (2018), this combination of factors led to a consistent increase in the degree of capital account openness and the foreign banks' market share in emerging and developing countries throughout the 1990s and 2000s.

In general, the outcomes of neoliberalism were at best mixed. Although economic restructuring helped with inflation control and access to new technologies, market reforms were not enough to turn emerging and developing countries into core economies, failing to achieve sustained growth and social inclusion (Ostry et al. 2016).

EFL can be seen to contribute to the negative impacts of neoliberalism. For instance, the removal of capital controls and the penetration of foreign banks amplified the exposure of emerging and developing countries to the global financial cycle, leading to recurrent currency and financial crises (Kregel 2004). In terms of distributive effects, higher levels of capital mobility eroded the bargaining power of workers, fueling income inequality (Quinn 1997). Finally, EFL also served as a constraint to national autonomy, allowing foreign investors to take control of key sectors such as manufacturing industries and public utilities (Crooty and Epstein 1996).

Against this background, different sociopolitical groups began to resist further liberalization and lobbied for protective measures, especially amid periods of financial instability (Gallagher 2015). In many emerging and developing countries, in the wake of the 1990s currency crises and the 2007 Global Financial Crisis, this process led to the rise of post-neoliberalism, here defined as heterogenous political-ideological projects which aimed to resubordinate the economy to society by reinforcing state functions and repoliticizing development issues (Grugel and Riggirozzi 2012).

While the concept of post-neoliberalism initially referred to the Latin American left turn, I use the term to characterize national experiences from any ideological orientation that consistently resumed some forms of economic interventionism while avoiding a complete departure from the inherited neoliberal governance model (Wylde 2016; Toplišek 2020). In practice, this hybrid arrangement can take different forms such as expanding industrial policies alongside the maintenance of high levels of trade openness.

In line with this hybridity, I expect that post-neoliberal governments will seek a partial reversal of the inherited levels of EFL. In terms of capital account policies, for instance, the rise of post-neoliberalism may lead to the deployment of new capital flow management measures, especially amid periods of excessive cross-border financial flows. Similarly, regarding the banking system, post-neoliberal measures may attempt to change ownership distribution, strengthening the position of domestic banks at the expense of foreign ones.

It is important to note, however, that this policy reorientation does not imply any radical transformation as foreign investors are still welcome and nationalizations remain targeted or transitory. Depending on the context, it is also possible that post-neoliberal administrations may resort to economic interventionism in other issues, safeguarding the inherited EFL. Finally, as discussed in the following sections, the adherence to post-neoliberalism does not mean that banking ownership and capital flow management must change in the same direction. In other words, post-neoliberal projects may vary in their strategies for each policy dimension, reflecting different socio-political coalitions and macroeconomic regimes.

5.2 Populism and external financial reregulation: assessing the role of ideological underpinnings

In light of the contested meaning of the term (Collier 2001), it is necessary to define populism before discussing its relationship with post-neoliberal policies. In this regard, the argument of this article builds upon the so-called ideational approach, which conceives populism as a thin-centered ideology that separates society into two antagonistic and homogeneous groups, the corrupt elite and the pure people, seeking to express the general will of the latter (Mudde 2004). Being highly context-dependent, populism varies as a result of the articulation with host ideologies (Filc 2010; Freeden 1998; Laclau 1977). This chameleonic nature leads to subtypes with different – and even opposite – concepts of people, elite and general will (Taggart, 2000; Zulianello 2020).

Left-wing populists, for instance, combine populism with various forms of socialism (Mudde 2021). Accordingly, their definition of "the pure people" embraces all subordinate socioeconomic strata – such as formal and informal workers, the unemployed, immigrants, and ethnic minorities – whose inclusion is supposedly blocked by domestic economic elites with the assistance of mainstream political parties (Font et al. 2021; Roberts 2021). Moreover, in regions which occupy a peripheral position, such as Latin America, left-wing populism blends with an inclusive, anti-imperialist nationalism, which also blames foreign investors and international organizations like the International Monetary Fund (IMF) for the oppression of the socioeconomic underdog (Mudde and Kaltwasser 2013; Filc 2015).

Right-wing populists, on the other hand, combine populism with nativism and conservatism (Mudde 2010; Zulianello 2020). Consequently, they pledge to protect an ethnically or culturally homogenous people against a myriad of external threats – such as immigrants, ethnic minorities, foreign investors, cheap imports, foreign-minded individuals and international organizations – that are allegedly supported by the political elite (Filc 2015). Differing from left-wing populism, this nativist perspective takes national capitalists as part of "the pure people," while excluding groups that lie at the bottom of the income distribution such as ethnic minorities and the "undeserving poor" (Caiani and Graziano 2019; Enyedi 2016).

As a result of these ideological underpinnings, the differences between right- and left-wing populism cut across symbolic, political and material dimensions (Filc 2010). Specifically, left-wing populists tend to foster inclusionary processes in these realms, whilst right-wing populists take a predominantly exclusionary stance (Filc 2015; Roberts 2019).[63]

In the material dimension, which is where the topic of this article stands, a recurrent example of policy divergence takes place in the realm of social welfare. In short, left-wing inclusionary populists push for the expansion of social safety nets, seeking to include different marginalized groups, while right-wing exclusionary populists defend welfare chauvinism, aiming to protect the benefits of natives through the exclusion of immigrants and ethnic minorities (Mudde and Kaltwasser 2013).

Still with regard to the material realm, it is possible to find instances of economic nationalism in both varieties of populism. For example, left-wing populists in Latin America have historically advocated for the nationalization of natural resources explored by foreign investors, and right-wing populists in the US and Europe recently moved away from market fundamentalism

[63] Despite acknowledging the limits of this correspondence, Zulianello (2020) argues that the conception of left- and right populism includes the distinction between inclusionary and exclusionary populism.

and embraced trade protectionism (De La Torre 2014; Rodrik 2018).[64] This apparent convergence, however, hides a fundamental difference. The nationalist measures of left-wing populists are part of a broader statist agenda, which confronts both domestic and foreign business interests (Roberts 2021). This is different from right-wing populists, whose economic nationalism is more selective as it seeks to safeguard national capitalists and workers without expressing hostility to the market system (Hopkin and Blyth 2019).

A similar rationale may apply to the position of populist parties towards the financial sector. In this sense, left-wing inclusionary populists perceive the pressure from financial capital as a key restriction to policies that could enable the inclusion of the socioeconomic underdog (Kioupkiolis 2016). Right-wing exclusionary populists, for their part, do not challenge financial interests as whole, keeping the grievances restricted to foreign actors and their negative impact on the national economy (Enyedi 2016; Johnson and Barnes 2015). In addition to these specific reasons, where mainstream parties converged in the defense of liberalizing reforms, the eruption of financial crises served as a window of opportunity for populist parties, which became perceived as the only alternatives to neoliberal governance (Aytaç and Onis 2014; Hopkin and Blyth 2019).

Against this background, it is possible to contend that both left-wing and right-wing populist parties have reasons to implement policies that hold EFL back. However, due to their opposite ideological underpinnings, these varieties of populism have different repercussions for each EFL dimension and, consequently, the relationship between financial and macroeconomic policies (see Table 5.1).

[64] In the right-wing camp, there are also neoliberal populists, but they became less prevalent after the recent crisis of neoliberal growth regimes (Hopkin and Blyth 2019; Zulianello 2020).

Table 5. 1. Varieties of Populism and External Financial Policies

Policy aspect	Left-wing populism	Right-wing populism
Core political commitment	Socioeconomic inclusion	Protection of natives against external threats
External financial policy main goal	Autonomy from financial interests	Reduction of foreign banks' market power
External financial policy instrument	Tightening of capital flow management	Discriminatory regulations against foreign banks
Nexus with macroeconomic policies	Regulations shield macroeconomic regime	Macroeconomic regime shields financial nationalism

Source: the author.

Regarding left-wing populist parties, I argue that they will emphasize the re-regulation of capital flows as a means to gain autonomy from the structural power of financial interests. According to this strategy, the tightening of capital flow management aims to shield macroeconomic policies from destabilizing financial movements which erode policymakers' ability to extend welfare benefits and public services. In terms of coalition-building, the expansion of social protection is necessary for keeping the support of popular sectors such as formal and informal workers. Moreover, as left-wing populists pledge to fight against the economic elite as a whole, the reregulation of capital flows has the advantage of affecting both domestic and foreign capitalists across different sectors.[65]

Right-wing populism, on the other hand, conceives native entrepreneurs as part of the people who deserve protection from external threats. Therefore, I expect that governments led by right-wing populists will seek to curb the market power of foreign banks through policies such as the provision of incentives to domestic private banks, the deployment of discriminatory taxes and

[65] Capital controls harm domestic economic elites by, for example, curbing their exit threat in the form of capital flight, cutting their access to external sources of credit and investment, and deepening financial repression.

regulations against foreign banks, and the favoring of domestic investors in the privatization of nationalized banks. With respect to coalition-building, these measures contribute to attracting the support of national business groups in financial and real sectors as the former become able to increase their market-share and the latter benefit from improved credit conditions. Furthermore, despite defending generous welfare provisions for natives, right-wing populists do not give the same priority to socioeconomic inclusion as left-wing populists do, being better-positioned to achieve macroeconomic targets that mitigate dissatisfaction within financial markets such as fiscal balance and price stability. In this regard, even when resorting to heterodox policies, it is possible to argue that right-wing populists use the macroeconomic regime to shield financial nationalism.

5.3 Research design

To assess the argument presented in the previous section, this article relies on a comparative case-study of Argentina under Kirchnerism (2003–15) and Hungary under Viktor Orbán (since 2010), which are respectively prototypical examples of left- and right-wing populism (Aytaç and Onis 2014; Enyedi 2015). Despite the differences in respect of core constituencies, political systems and regional settings, these countries share relevant similarities such as the condition of industrialized emerging economies, the prevalence of market reforms throughout the 1990s, and difficulties in maintaining macroeconomic stability (Bohle and Greskovits 2012; Etchemendy 2011). Moreover, both populist parties entered office amid deep financial crises (Calvo and Ponce 2013; Scheiring 2021), while adopting relatively similar strategies with regard to the building of a network of grassroots organizations and the articulation of clientelistic and programmatic linkages (Levitsky 2003; Riggirozzi 2009a; Greskovits 2020; Mares and Young 2019).

Against this background, I seek to investigate how each variety of populism affects the two EFL dimensions, namely the capital flow management and the ownership structure of the banking sector. Specifically, the focus of my analysis lies in the connection between the ideology of the populist party and the EFL dimension the interventionist policies target most.

In terms of capital flow management, Argentina's left-wing populists are expected to deploy further restrictions, while Hungary's right-wing populists are supposed to safeguard capital mobility. As far as the banking sector is concerned, however, the expectation is the opposite: right-wing populism is expected to benefit domestic private banks at the expense of foreign institutions, whereas left-wing populism is expected to remain equidistant from market disputes between private actors.

A potential objection to the case selection could be that Argentina was not as liberalized as Hungary at the start of the analyzed periods. However, it is important to note that the case studies discuss which EFL dimension is targeted by populist parties instead of assessing the aggregated impact of populism on EFL. In this sense, when Néstor Kirchner came to power, Argentina had relevant levels of foreign bank ownership and capital account openness (Chinn and Ito 2006, 2020; Cull et al. 2018), which made it possible to target either of the two EFL dimensions. In a similar vein, even though membership of the European single market prohibits cross-border financial restrictions, Hungary could still adopt measures that disincentive capital flows such as currency-based prudential regulations and non-discriminatory taxation of share acquisitions.

To make the comparison more straightforward, I follow the same structure in both case studies. Specifically, I discuss the history of the ruling party, its position towards the crisis of neoliberal policy regime, its core constituencies, the rhetoric role of external financial policies, their objectives and instruments with respect to banking ownership and capital flow management, and the relationship between these measures and macroeconomic and social policies.

In regard to sources, I relied on academic publications and the electoral manifestos with the aim of identifying the positions of each party towards the causes of financial instability, the costs and benefits of EFL, and the role of state authority in face of the inherited crisis. In order to analyze the external financial policies implemented by each party, I consulted the related academic literature and the IMF Article IV reports. The use of IMF documents is justified by their standardized structure, which favors the comparison of economic policies across time and space, as well as the pivotal role of this institution in EFL promotion.

5.4 The financial policies of left-wing populism: the case of Argentina under Kirchnerism (2003–15)[66]

Kirchnerism has been the main political force in Argentina since 2003, when the Front for Victory (FpV), led by Néstor Kirchner, won the presidential election. After that, the same electoral alliance triumphed in the two subsequent elections, under the leadership of Cristina Kirchner, remaining in power until 2015. Composed of left-leaning Peronists and minor progressive parties,

[66] In the Online Appendix, Tables C1, C2, C3 and C4 present supporting evidence regarding external financial policies, exchange and monetary policies, fiscal policies and social policies.

the FpV presented a left-wing populist platform, articulated around the need for a deep national renovation in the wake of the 1998-2002 economic crisis (Aytaç and Onis 2014; Frente para la Victoria 2011; Gervasoni 2018).[67]

At the level of political institutions, the stated goal of Kirchnerism was to restore the legitimacy of the state as an arbiter of social relations after the massive protests that toppled the De La Rua government in December 2001 (Frente para la Victoria 2003; Riggirozzi 2009b). In this regard, as part of the effort to obtain the support from the unemployed workers' movement and the trade unions that led the demonstrations, the FpV defended the reform of judiciary power, the strengthening of political participation, the recovery of wages and the revision of amnesty laws which exempted those involved in crimes against humanity during the military dictatorship (Alonso 2010; Cantamutto 2016; Longa 2017).

In line with left-wing populism, the FpV focused its criticism on crisis-prone neoliberal policies that favored the interests of domestic economic elites and foreign investors such as the privatization of state-owned companies, labor market deregulation, abrupt external financial liberalization, and the maintenance of an overvalued currency (Alonso 2010; Aytaç and Onis 2014; Onis 2006). Against this background, Kirchnerism pledged to champion the interests of the poor people by guaranteeing the right to work and expanding social protection (Longa 2017; Muñoz and Retamozo 2008). To fulfill this core commitment, Kirchnerism embraced a neo-developmentalist strategy with a focus on the recovery of the manufacturing industry (Atzeni and Grigera 2019; Gezmis 2018; Riggirozzi 2009a).

[67] In this article, FpV and Kirchnerism are used interchangeably.

In light of this agenda, the adoption of post-neoliberal external financial policies performed two complementary roles. In terms of coalition-building, the rhetoric underlying this policy reorientation contributed to keeping the unity of all subordinate socioeconomic strata against the harmful elite interests that allegedly opposed inclusionary policies (Wylde 2014). Initially, this polarizing rhetoric targeted economic elites and IMF staff due to their participation in the liberalizing reforms (Alonso 2010; Riggirozzi 2009a), but it was adapted according to the conjuncture, eventually directed at financial market operators who resisted external debt renegotiation, foreign investors who managed privatized public utilities, primary exporters who opposed further taxation, the middle classes who preferred to save in foreign currency, and domestic capitalists who attempted to move funds abroad (Lapegna 2017; Vanoli 2018; Wylde 2016).

In addition to this, external financial policies under Kirchnerism also shielded the reorientation of the macroeconomic regime. In this regard, it is possible to organize the analysis around two periods, divided by the 2007 global financial crisis. Immediately after taking office, the focus of the FpV administration was external debt renegotiation, which aimed to safeguard the policy space by imposing losses to creditors which were mainly composed of foreign financial investors (Campello 2015; Setser and Gelpern 2006).[68] In the wake of this political victory and the global commodity boom, the presidency of Néstor Kirchner (2003–7) experienced a favorable macroeconomic scenario, keeping fiscal balance and a relatively moderate inflation rate despite increased public expenditures and low-interest rates (Bartis 2017; Bonvecchi 2011; Damill et al.

[68] The external debt restructuring was concluded in 2005 and gave further degrees of freedom to Kirchnerism (Campello 2015; Riggirozzi 2009b).

2015). In this regime, restrictive measures like a mandatory 365-day unremunerated deposit over 30 percent of the inflows as well as export surrenders and taxes towards the primary sector were used to defend financial stability and the inherited weak currency, avoiding exit threats from financial markets while safeguarding the external competitiveness of the manufacturing industry (Aytaç and Onis 2014; Stallings and Peres 2011; IMF 2005a). As expected, these initiatives had a negative impact on EFL by reregulating capital movements, especially inflows (Calvo and Ponce 2013; Fernandez et al. 2016).

In the presidencies of Cristina Kirchner (2007–15), however, the Global Financial Crisis and the end of the commodity boom made the distributive conflict hard to manage, leading to fiscal deterioration and stronger inflationary pressures (IMF 2016; Steinberg 2017; Wylde 2016). In light of this adverse context, the FpV administration deployed new restrictions – including limits, approval and repatriation requirements, surrenders and prohibitions – to curb outflows that could lead to a massive currency devaluation with negative repercussions for inflation and financial stability (Santarcángelo et al. 2017; Fernandez et al. 2016). In comparison to the measures deployed during the presidency of Néstor Kirchner, these initiatives had an even greater negative impact on EFL by making it harder for domestic economic elites and foreign investors to move their funds abroad (Steinberg and Nelson 2019). To mitigate fiscal imbalance, the government also attempted to increase taxes over primary exporters, but the protests of rural landowners led to the rejection of the proposal (Gezmis 2018; Lapegna 2017).

The aforementioned macroeconomic and financial policies functioned as enablers of socioeconomic inclusion. In this regard, the Kirchner administrations increased minimum wage and social expenditure, nationalized and reformed the pension system according to a pay-as-you-go model, and strengthened the institutionalized bargain between capital and labor (Anigstein 2019; Bonvecchi 2011; Datz 2014). These initiatives led to an increase in wage share, an improvement in income distribution, and an expansion of unionization and collective agreements' coverage, attending the interests of core constituencies of Kirchnerism such as unionized workers and marginalized groups (Etchemendy 2019; Marticorena 2015; Trujillo and Retamozo 2017).

Before concluding this section, it is important to highlight that post-neoliberalism did not mean a complete rupture with the inherited neoliberal governance. In terms of economic structure, Argentina under Kirchnerism remained dependent on primary exports, avoided penalizing agribusiness for its environmental impact, and was unable to build a coherent industrial policy for high value-added sectors (Feliz 2019; Lapegna 2017). Similarly, at the level of political institutions, despite strengthening corporatist bargaining, the FpV administrations gradually limited the participation of autonomous social movements at the level of policy design (Etchemendy and Collier 2007; Longa 2017).

Concerning EFL, Kirchnerism reproduced the same pattern of hybridity. In this sense, the increase of the level of capital controls was not followed by discriminatory policies against foreign banks, which maintained an almost unaltered participation in the ownership structure of the domestic financial system (Cull et al. 2018). As discussed in the previous section, the reregulation of capital flows harms financial interests as a whole, being more aligned with the ideological underpinnings of left-wing populism. Moreover, the need to boost economic growth may have counteracted initiatives that could have a negative impact on credit supply.

5.5 The financial policies of right-wing populism: the case of Hungary under Fidesz (2010-)[69]

Unlike Kirchnerism, Fidesz and its leader Viktor Orbán have been present in the national political debate since the country's democratization in the late 1980s. Founded as a liberal party, Fidesz gradually embraced populism as a means to become hegemonic in the right-wing camp (Enyedi 2005, 2015). Relying on this new platform, articulated around the need for regaining national independence in the wake of the Global Financial Crisis, Fidesz has been in power since 2010, obtaining a two-thirds parliamentary majority in three consecutive elections (Kim 2021).

At the level of political institutions, Fidesz takes the defense of national sovereignty as the primary role to be performed by the state authority[70] (Buzogány and Varga 2018). Based on a rhetorical equivalence between resistance against Moscow-led communist apparatchiks and opposition to Brussels-led post-communist politicians, Fidesz tried to establish itself as the heir of the long history of the fight for Hungarian independence, demonstrating this through the strengthening of political participation through national consultations, the protection of Hungarians living abroad, and the recovery of national powers delegated to multilateral and regional institutions (Bozóki 2008; Greskovits 2020; Pappas 2014; Fidesz 2010).

[69] In the Online Appendix, Tables C5, C6, C7 and C8 present supporting evidence regarding external financial policies, exchange and monetary policies, fiscal policies and social policies.

[70] In addition, Viktor Orbán passed to defend the notion of an illiberal democracy, in which the prerogatives of the majority would be strengthened at the expense of conventional checks-and-balances (Vachudova 2020). In line with this position, Fidesz aims to build a "central field of power", allowing the country to save energies from allegedly unproductive divisions (Buzogány 2017; Enyedi 2016).

In line with right-wing populism, Fidesz focused its criticism on cosmopolitan political elites who favored foreign interests by deploying neoliberal policies such as the de-nationalization of key sectors and public utilities, the fulfillment of multilateral rules, the removal of restrictions on foreign-currency indebtedness, and the easing of immigration barriers[71] (Csehi 2019; Enyedi 2016; Fidesz 2014). In light of this context, Fidesz pledges to defend a more restricted definition of people, rooted in natives who embrace Christian values and perform productive activities (Enyedi 2016; Bluhm and Varga 2019). Within this broad nationalist coalition, it is possible to argue that Fidesz gives special attention to national capitalists, whose strengthening is framed as a necessary condition for the recovery of the country's economic autonomy (Naczyk 2014; Rogers 2020; Scheiring 2021).

Regarding external financial policies, as expected, the rise of Fidesz to power in 2010 led to a retreat in the inherited levels of EFL. In comparison with the case of Argentina, this process had some similarities, but also important differences. In terms of coalition-building, for instance, the post-neoliberal reorientation of these policies also helped to unify a heterogenous alliance against the interests that allegedly oppose national autonomy (Buzogány 2017; Illés et al. 2018). However, Fidesz's polarizing rhetoric targeted mainly foreign banks, which were blamed for the crisis, and the European Union (EU) and its pressure to adopt austerity measures (Vachudova 2020). Depending on the conjuncture, Fidesz has also contended that foreign financial interests are behind a myriad of threats against Hungary, including illegal immigration, non-governmental organizations, and opposition parties (Orbán 2020).

[71] Regarding the post-communist political elites, Fidesz benefitted from the so-called Őszöd speech, a leaked speech delivered by the socialist prime-minister in 2006 admitting that the ruling party had omitted the real situation of Hungarian economy during the previous elections (Enyedi 2015).

Further differences emerge with respect to which EFL dimension was the object of post-neoliberal reorientation. From Fidesz's perspective, the strong negative impact of the Global Financial Crisis on Hungary stemmed from foreign control over the banking system and the loss of monetary sovereignty, which led to the excessive accumulation of foreign currency debt, especially in the housing sector, and credit rationing for native entrepreneurs (Ban and Bohle 2021; Fidesz 2010; Johnson and Barnes 2015). To deal with these issues, the Fidesz administration took initiatives that directly harmed foreign banks, including the conversion of foreign currency debt to Hungarian forints under a discounted exchange rate as well as the deployment of a special bank tax to contribute to the country's fiscal consolidation (Bohle 2014; IMF 2011, 2015). Even though other countries adopted similar measures, the Hungarian levy is the highest in the world, targeting virtually all banking assets and functioning as a Pigouvian tax that has greater impact on large foreign banks (Capelle-Blancard and Havrylchyk 2017).

Additionally, the government strengthened state-owned credit supply and offered advantages to domestic banks to participate in the privatization of nationalized foreign banks, reshaping the composition of the banking system (Bluhm and Varga 2019; Piroska 2021; Toplišek 2020). For example, after its nationalization in 2014, the reorganized MKB Bank was sold to domestic business groups with close ties to Fidesz (Voszka 2018).

As expected, the aforementioned initiatives had a negative impact on EFL by reversing the penetration of foreign banks into the domestic financial system (Cull et al. 2018; Piroska 2021). Furthermore, it is possible to connect this preference for financial nationalism to two core aspects of a right-wing populist platform. As far as support for native entrepreneurs was concerned, Orbán's policies benefited both domestic private banks, which increased their market share, and

Hungarian non-financial business groups, which gained access to improved credit conditions (Ban and Bohle 2021). With respect to welfare chauvinism, the de-financialization of mortgage markets was part of a broader reorientation of social policies, which channeled resources to high-earning working families with children (Fabry 2019a).

On the other hand, the rise of right-wing populism in Hungary did not affect capital flow management, keeping distance from capital account and prudential regulations that could have a negative impact on cross-border financial flows (Fernandez et al. 2016). As observed in Argentina, the option for partial EFL reversal sheds light on the hybridity that underlies post-neoliberal projects. In the case of Hungary, the lack of initiative regarding capital flow management stems mostly from the self-imposed limits of economic nationalism under Fidesz. As a result of this strategy, the government sought to recover national control over industries that operate within captive domestic markets, but refrained from challenging dependency in the most dynamic sectors, such as the automotive industry, providing fiscal incentives to foreign investors due to their contribution to exports (Bohle 2018; Bohle and Greskovits 2019; Vukov 2019).

Moreover, in contrast with Kirchnerism, the Fidesz administration has not used external financial policies to enable a broader reorientation of the macroeconomic regime. To some extent, it is even possible to argue that macroeconomic policies shielded financial nationalism by keeping Hungary's credibility with foreign investors, multilateral organizations, and European institutions (Johnson and Barnes 2015). Regarding fiscal policy, for example, the government managed to reduce the public deficit to comply with EU budget rules (IMF 2014). Despite benefiting from heterodox strategies to boost revenues, such as the deployment of special taxes on selected sectors and the nationalization of private pension funds' assets, the option for fiscal consolidation deviated from Fidesz's anti-austerity rhetoric during elections (Bohle 2014; Enyedi 2015).[72] In the same vein, the gradual decrease of the policy interest rate did not introduce further inflationary pressures, and the exchange rate remained according to the fundamentals (IMF 2017).

In the social realm, Fidesz implemented relevant changes. However, their exclusionary orientation put little pressure on macroeconomic policies. Seeking to build a workfare society, the government cut social spending while linking eligibility for welfare benefits to the participation in a public works programme that pays less than the minimum wage. Similarly, the right-wing populist administration introduced a family tax allowance and a flat-rate income tax, favoring the middle and upper classes (Enyedi 2016; Bohle and Greskovits 2019; Buzogány 2017). Moreover, reflecting the close relationship with business associations, Fidesz altered labor laws, deregulating labor relations while restricting workers' rights to strike (Fabry 2019a). As expected, these measures paved the way for increased inequality and stagnant wage share (Lugosi 2018; Vachudova 2020).

5.6 Assessment of alternative explanations

In the previous sections, I traced the different external financial policies in Argentina and Hungary to the ideology of the respective populist parties. However, there are at least three alternative explanations which warrant further examination.

[72] In contrast with Kirchenerism, the nationalization of private pension funds' assets by Fidesz did not mean the unification of the pension system, keeping the existence of the second pillar (Lugosi 2018; Toplišek 2020).

For instance, it is possible to argue that the different policies of Argentina and Hungary were a function of *social and interest group pressures* in each country. In the case of Argentina, labor unions were strong enough to pressure the government for an immediate macroeconomic reorientation, increasing the need for policy autonomy and consequently capital controls (Longa 2017; Steinberg 2017). In Hungary, conversely, national capitalists were the core constituencies, favoring the combination of financial nationalism, fiscal consolidation, and welfare chauvinism (Naczyk 2014; Scheiring 2021).

In response to this perspective, I raise two complementary arguments. Firstly, I do not dispute that populist parties designed these policies to meet the interests of their constituencies; rather I contend that the selection of the core clientele also reflects the ideological underpinnings of each party. In this sense, even though the pressure from interest groups affects policy goals and instruments, this does not deny the pivotal role of parties in interpreting and even organizing societal preferences.

Moreover, the strength of workers and native capitalists is not a sufficient condition for changing external financial policies. This argument appears to resonate if cases with similar constellations of interests are analyzed. For example, despite having strong labor unions and facing similar economic shocks in the late 1990s and mid-2000s (Etchemendy 2019), Uruguay has kept a fully open capital account during the administration led by the Socialist Party, a non-populist, center-left party (Chinn and Ito 2006, 2020; Fernandez et al. 2016). Likewise, after the global financial crisis, during the tenure of the center-right Civic Platform (2007–15), Poland saw a decrease of foreign ownership in the banking sector that was much smaller than in Hungary and did not result from discriminatory measures like the ones deployed by the Orbán administration (Cull et al. 2018; Kabza and Kostrzewa 2016; World Bank 2017).

Moving to another alternative explanation, the opposite paths of Argentina and Hungary regarding capital flow management could also result from different *international constraints*. According to this view, participation in the European single market made it harder for Hungary to restrict capital mobility, while Argentina benefited from increasing IMF tolerance towards capital controls.

In this regard, as with the discussion about interests, I do not contest the role of international constraints in the formulation of external financial policies. However, I contend that these constraints were not asymmetrical between the EFL dimensions in each country. This point is important because I am not interested in which country did more against EFL as a whole, rather this article discusses what shapes the decision of targeting one EFL dimension instead of another.

Concerning Hungary, for example, it is possible to argue that the EU equally resists initiatives like capital controls and discriminatory measures against other EU members' banks due to their harmful impact on the financial integration of the bloc (Epstein and Rhodes, 2018). Moreover, despite the constraints imposed by European rules, members of the single market kept some ability to affect cross-border financial movements. For example, since its accession to the EU, Poland has adopted macroprudential regulations that had a negative impact on capital flows such as currency-based restrictions on loans and risk-adjusted reserve requirements (Kabza and Kostrzewa 2016). Even though these regulations are not capital controls, their implications for capital flow management explain why Chinn and Ito (2006, 2020) and Fernandez et al. (2016) consider Poland to have only intermediate levels of financial openness. In a similar vein, as with

Spain during its current progressive administration, countries can charge taxes over all share acquisitions, obtaining an indirect effect on capital inflows. Finally, even though this decision is not exempt from costs, governments can still deploy standard capital controls if they successfully frame these measures as temporary, as Iceland, Greece and Cyprus did following the global financial crisis (IMF 2020).

In the case of Argentina, on the other hand, it is far from accurate to suggest that the IMF supported or even tolerated the tightening of capital flow management. First of all, the IMF opted to support temporary capital controls over inflows after the global financial crisis, publishing its new institutional view only in 2012 (IMF 2012). Even after this ideational change, the organization maintained the opposition to outflow restrictions (Ostry et al. 2011a, 2011b). Additionally, the tension between the IMF and Kirchnerism is evident in the country's Article IV reports (IMF 2016).

Finally, another alternative explanation could be that the policies adopted in Argentina and Hungary were mostly an idiosyncratic product of *specific populist leaderships and the policy opportunity spaces* under which they were operating upon taking power. To address this generalizability concern, it is worth briefly assessing if populist parties with similar ideological underpinnings had analogous repercussions for EFL.

For instance, from 2007 to 2017, Rafael Correa and his Proud and Sovereign Homeland Alliance governed Ecuador according to a left-wing populist programme (De La Torre 2014).[73] With regard to EFL, in line with the theoretical framework put forward in this article, the

[73] After Correa's presidency, the Proud and Sovereign Homeland Alliance adopted a social-democrat position, leading him to create a new left-wing populist party (Union for Hope).

presidency of Correa decreased the level of financial openness by deploying a new tax-based control over all kinds of capital outflows (Chinn and Ito 2006, 2020; Wolff 2016). Moreover, in a move that had negative repercussions for cross-border financial movements, the Correa administration declared a partial default on external debt, weaponizing the threat of repudiation to reduce the price of outstanding bonds (Unda and Margret 2015). On the other hand, as observed in Argentina, the impulse for financial repression did not include discriminatory measures against foreign banks, which kept an unaltered market share throughout the period (ASOBANCA 2019; Cull et al. 2018).

Moving to another illustrative example, the Law and Justice Party (PiS) has governed Poland since 2015 based on a right-wing populist agenda (Zulianello 2020). Accordingly, the PiS made a clear commitment to the re-polonisation of the financial system, speeding up the reduction of foreign ownership in the banking sector (KNF 2019; Naczyk 2021; World Bank 2017).[74] The measures that harmed the interests of foreign banks included the takeover of foreign banks by state-owned institutions, official support for the acquisition of bank shares by domestic private owners, the imposition of a bank levy, and the creation of a mortgage relief fund based on payments by banks with portfolios of foreign currency-denominated mortgages (Mérő and Piroska 2016; Toplišek 2020). Finally, as in the case of Hungary, the reversal of EFL remained partial as the PiS administration eased capital flow management by removing prudential regulations over collective investments and derivatives (Fernandez et al. 2016).

[74] Even though the retreat of foreign banks began under the Civic Platform government, the take-overs were justified as technical, case-by-case decisions (Naczyk 2014, 2021).

5.7 Final remarks

Building upon case studies centered on Argentina under the FpV (2003–15) and Hungary under Fidesz (2010-), this article compared the external financial policies enacted by left- and right-wing populist parties. In this regard, taking the economic crisis as a result of neoliberalism, both populist parties curbed external financial liberalization. However, reflecting the hybridity that underlies post-neoliberal projects, the EFL reversal was kept partial. Relying on different notions of people and elite, the aforementioned parties focused on opposite EFL dimensions, harming different interests. Specifically, the left-wing populist FpV restricted capital account openness, affecting financial interests as a whole (Stallings and Peres 2011; Santarcángelo et al. 2017; Steinberg and Nelson 2019), whilst the right-wing populist Fidesz targeted foreign banks, deploying measures to erode their market power in the domestic financial system (Ban and Bohle 2021; Bluhm and Varga 2019; Toplišek 2020).

In considering the implications of these findings, it is worth highlighting three aspects. First, regarding the debate about the programmatic evolution of right-wing populists (Roberts 2021; Rodrik 2018), the research put forward in this article shows that the move towards economic protectionism may even affect the financial system, going beyond issues like trade and welfare.

Moreover, the analysis centered on EFL sheds light on the fact that right- and left-wing populists do not face equivalent obstacles with respect to policy implementation. In this sense, the redistribution of bank ownership depends on one-off measures that can be discontinued after domestic banks recover their market share, while the adoption of stricter cross-border financial regulations must be permanent and recurrently updated in order to curb capital flows and related financial innovations. This technical difference gives a relative advantage to right-wing populists in the achievement of their policy objectives. From both technical and political perspectives, a similar rationale seems to apply to social policies as it is potentially easier to exclude ‘aliens’ and the ‘undeserving poor’ from welfare benefits than expanding protection for all subordinate socioeconomic strata.

Finally, this article provides additional support to the thesis that populists gain ground when social democrats move to the center in the economic debate (Hopkin and Blyth 2019; Mudde 2021). In this regard, none of the external financial policies adopted by Argentina and Hungary are populists per se, being fully compatible with a social-democratic agenda. In both countries, however, the parties affiliated to the Socialist International embraced neoliberal reforms and macroeconomic orthodoxy, leaving populists as the sole proponents of the reregulation of market forces.

6. Conclusion

This dissertation makes a threefold contribution to the political economy literature. First, it advances our understanding about the implications of government partisanship for economic policymaking amid globalization. By studying the drivers of external financial liberalization. Specifically, it suggests that administrations led by post-neoliberal parties in Latin America and East-Central Europe departed from the 1990s liberalizing consensus, resorting to interventionist financial policies like capital controls and bank levies. As post-neoliberal and Third Way left-wing parties had opposite views of capital mobility, this work also sheds light on the importance of specific ideological underpinnings.

Second, the three studies in the dissertation contribute to the characterization of post-neoliberal political projects. By discussing an understudied policy issue like capital flow management, the articles show how the rise of post-neoliberalism led to the emergence of hybrid policy regimes, which meant a partial rupture with the neoliberal policy toolkit. Moreover, the studies compare left- and right-wing varieties of post-neoliberalism, tying their opposite ideological underpinnings to different options when it comes to selective economic interventionism.

Finally, this doctoral research adds to the analysis of the policy diversity that followed the Latin American Pink Tide. Departing from theories that focus on the role of economic structure and political institutions, it emphasizes how the relationship between post-neoliberal parties and domestic social groups affects the design of financial regulations, shaping the extension of the challenge to capital mobility.

6.1 Main findings

The first study demonstrates that government partisanship remains a key driver of capital account policies even in the context of dependent market economies that are highly integrated into global financial markets. Based on a sample of 17 Latin American countries for the period between 1995 and 2019, it finds that administrations led by post-neoliberal parties attempted to restrict capital mobility, especially in countries where they obtained successive electoral victories. In line with the argument centered on the pivotal role of party ideologies, governments led by the Third Way social took an opposite position, giving further impulse to the removal of capital controls. Among the motivations for this policy preference, it is worth mentioning that post-neoliberal and Third Way agendas have important differences when it comes to the need for policy space, the composition of constituencies, and the strategy of political mobilization.

Drawing upon the comparison between Argentina under Kirchnerism and Brazil under the Workers' Party, the second study concludes that two conditions contribute to the adoption of a heterodox capital flow management under Latin American post-neoliberalism. First, the autonomy and the strength of popular organizations favor heterodoxy by increasing the government's need for policy space. After that, given this pressure from below, the existence of allies among economic elites enables the option for heterodoxy by compensating for credibility losses associated to this strategy. As the conjunction of popular pressure and elite support is rare, most post-neoliberal administrations remained within the limits of economic orthodoxy, deploying only selective and market-friendly capital controls. Besides offering an incomplete challenge to capital mobility, this predominance of orthodox reregulation also reinforced depoliticizing discourses and institutions in the realm of economic policymaking.

Going beyond Latin America, the third study analyzes the financial policies of populist parties that embraced post-neoliberal projects. By comparing Argentina under Kirchnerism and Hungary under Viktor Orbán, it finds that the partial reversal of external financial liberalization under these populist governments reflected their ideological underpinnings. Argentina's left-wing populism, for instance, deployed capital controls and export surrenders, harming the interests of financial operators, foreign investors, and primary exporters. This tightening of capital flow management aimed to shield expansionary macroeconomic policies that favored subordinate socioeconomic strata. Hungary's right-wing populism, on the other hand, targeted the ownership structure of the banking sector, seeking to redistribute assets from foreign to domestic private banks and improve the credit supply for domestic business groups. Despite resorting to macroeconomic heterodoxy, the maintenance of fiscal balance and price stability was enough to keep the support from domestic and foreign investors, easing the resistance against financial nationalism.

6.2 Limitations

Reflecting their methodological options, the three studies in this dissertation present different sets of limitations. For instance, the first study evaluates the impact of government partisanship on the average level of capital controls. Therefore, one may argue that this impact could vary according to the direction and the maturity of capital flows, requiring a separate investigation of the drivers of each kind of cross-border financial transaction. In a similar vein, it is possible to contend that the analysis of the determinants of capital controls should be integrated into a broader debate about post-neoliberal macroeconomic management, encompassing exchange rate, fiscal, and monetary policies. Finally, even though the literature on the Latin American Pink Tide anticipates the mechanisms underlying the resurgence of capital controls, one could assert that the statistical analysis should be complemented with case-studies to unveil the predominant reasons for curbing capital mobility in each country.

When it comes to the second study, it is possible to question the generalizability of case-studies on large economies with relevant domestic markets like Argentina and Brazil. In this sense, future research should expand the short discussion about Chile and Ecuador to assess how social forces affect capital flow management in countries that are more integrated into the global economy. The same rationale suggests the need for further investigation of cases in Mexico and Central American countries. Additionally, one may argue that the theoretical framework should incorporate the direct preferences of different social groups about capital mobility, complementing the mechanisms centered on the popular pressure over macroeconomic policymaking and the existence of strategic allies among economic elites. Other aspects that deserve greater attention are the ideological differences among Latin American post-neoliberal parties and the salience of financial issues in the electoral debates.

In regards to the third study, it is worth noting that the ideational approach is not the only theoretical framework that allows analyzing populist experiences. Therefore, one may contend that future research should reflect on the mobilizational strategy and the organizational features of populist parties (De La Torre 2014; Jansen 2011; Roberts 2006), shedding light on how these aspects forge different varieties of post-neoliberalism. Relatedly, it is possible to argue that the analysis of the ideological underpinnings of populist parties should pay more attention to economic ideas like neo-developmentalism. Finally, future studies should further disaggregate the impact of populism on different kinds of banking strategies and capital flows.

6.3 Setting agenda for future research

In the mid-2010s, the interplay of economic deterioration and increasing political polarization created an opportunity for the Latin American right, putting an end to the regional prevalence of post-neoliberalism. At the policy level, the resulting right-wing agenda embraced a traditional neoliberal agenda, rooted in the reduction of the economic role of the state and the erosion of social safety nets. However, this conservative wave did not last long as the combination of popular unrest and pandemic-related challenges paved the way for another round of post-neoliberal victories in the early 2020s, which can be characterized as a new Pink Tide.

When it comes to the politics of cross-border financial regulation, two interrelated questions emerge from the aforementioned political cycles. The first one focuses on the position of conservative governments towards capital controls inherited from post-neoliberal administrations. In this sense, a preliminary analysis shows that the Latin American right still keeps a radical commitment to capital mobility. For instance, in Argentina and Ecuador, one of the first measures of the governments led by Mauricio Macri and Guillermo Lasso was the removal of outflow controls with the aim of attracting foreign investors. Similarly, during the presidency of Jair Bolsonaro, Brazil granted formal independence to the central bank and authorized any person to open foreign currency-denominated accounts in the country. Going even further, Nayib Bukele approved Bitcoin as legal tender in El Salvador, ignoring the IMF's warnings regarding the financial risks of this initiative. Besides indicating that policy reversal affected both administrative and price-based regulations, this anecdotal evidence makes it possible to argue that post-neoliberal capital controls were a temporary slowdown of a liberalizing trend.

Following the same rationale, another open question refers to the implications of the new Pink Tide for capital flow management. In this sense, there are key contextual differences in comparison to the period analyzed by this dissertation. On the global stage, for example, the IMF (2022) reviewed its institutional view, stating that countries should have more flexibility to introduce pre-emptive restrictions even in the absence of a surge in capital inflows. On the other hand, instead of the 2000s commodity boom, Latin America now faces a challenging external environment, characterized by inflationary pressures and stagnation risks.

Finally, the domestic setting of Latin American countries has also been deeply transformed. Even where leftist parties managed to win elections, they now face a new kind of right-wing opposition, characterized by the prevalence of populist strategies and an increased mobilizational capacity. Moreover, the progress of deindustrialization deepened the reliance on primary exports and the need for foreign investments, further weakening the bargain power of organized labor. Against this background, it remains unclear if incoming post-neoliberal governments will use capital controls to shield their progressive agenda or embrace capital mobility as a compromise with domestic and foreign investors.

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A. APPENDIX CHAPTER 3

Table A1 – Reformulated Capital Controls Index – Latin America – 1995-2019

Year	ARG	BOL	BRA	CHL	COL	CRI	DOM	ECU	SLV	GTM	MEX	NIC	PAN	PRY	PER	URY	VEN
1995	-0.53	-0.41	1.80	2.43	1.26	-0.90	-0.60	-0.31	-0.90	-0.80	2.48	-0.90	-0.90	-0.70	-0.90	-0.90	-0.23
1996	-0.73	-0.70	1.80	2.43	1.56	-0.90	-0.50	-0.14	-0.90	-0.80	1.55	-0.90	-0.90	-0.70	-0.90	-0.90	-0.23
1997	-0.49	-0.70	1.88	2.43	1.56	-0.90	-0.36	-0.18	-0.90	-0.80	1.81	-0.90	-0.90	-0.70	-0.90	-0.90	-0.15
1998	-0.03	-0.70	2.22	2.20	1.52	-0.90	-0.52	-0.18	-0.90	-0.80	1.27	-0.90	-0.90	-0.70	-0.90	-0.90	-0.15
1999	-0.03	-0.70	2.30	2.04	0.91	-0.90	-0.42	-0.18	-0.90	-0.80	1.35	-0.90	-0.90	-0.70	-0.90	-0.90	-0.15
2000	-0.03	-0.70	2.22	1.99	1.29	-0.90	-0.42	-0.18	-0.90	-0.80	1.45	-0.90	-0.90	-0.70	-0.90	-0.90	-0.15
2001	0.45	-0.70	2.22	0.07	1.29	-0.90	-0.42	-0.18	-0.52	-0.72	1.14	-0.90	-0.90	-0.70	-0.90	-0.90	-0.15
2002	0.84	-0.70	0.55	0.07	1.92	-0.90	-0.42	-0.18	-0.52	-0.90	1.14	-0.90	-0.90	-0.70	-0.90	-0.90	0.15
2003	1.47	-0.70	0.64	0.07	1.41	-0.90	-0.13	-0.31	-0.52	-0.90	1.14	-0.90	-0.90	-0.90	-0.90	-0.90	-0.15
2004	2.04	-0.70	0.64	0.07	1.42	-0.90	-0.04	-0.70	-0.52	-0.90	1.14	-0.90	-0.90	-0.90	-0.90	-0.90	-0.15
2005	1.47	-0.70	0.54	0.07	1.42	-0.90	0.04	-0.70	-0.52	-0.90	1.21	-0.90	-0.90	-0.90	-0.90	-0.90	-0.15
2006	0.67	-0.70	0.36	-0.22	1.34	-0.82	-0.06	-0.60	-0.52	-0.90	1.02	-0.90	-0.90	-0.90	-0.90	-0.90	0.05
2007	1.66	-0.12	0.43	-0.22	1.43	-0.82	-0.06	-0.60	-0.52	-0.90	1.02	-0.90	-0.90	-0.54	-0.90	-0.90	0.58
2008	1.77	-0.12	0.53	-0.22	1.43	-0.82	-0.06	0.84	-0.52	-0.90	1.02	-0.90	-0.90	-0.54	-0.82	-0.90	1.36
2009	1.85	-0.12	1.97	-0.22	1.34	-0.82	0.12	0.84	-0.03	-0.90	1.02	-0.70	-0.90	-0.54	-0.82	-0.90	1.36
2010	1.85	-0.41	1.97	-0.22	2.01	-0.82	0.02	0.84	-0.03	-0.90	0.83	-0.70	-0.90	-0.54	-0.51	-0.90	1.36
2011	1.95	0.07	1.97	-0.22	1.45	-0.72	0.02	0.84	-0.03	-0.90	1.02	-0.70	-0.90	-0.16	-0.70	-0.90	1.36
2012	2.38	-0.41	1.83	-0.22	1.45	-0.72	0.02	0.84	-0.03	-0.90	1.02	-0.70	-0.90	-0.16	-0.70	-0.82	1.36
2013	2.38	-0.41	1.67	-0.22	1.65	-0.62	0.02	0.84	-0.03	-0.90	1.10	-0.70	-0.90	-0.54	-0.70	-0.82	1.36
2014	2.38	-0.41	1.67	-0.22	1.65	-0.62	0.02	0.84	-0.03	-0.90	1.18	-0.70	-0.90	-0.16	-0.90	-0.82	1.50
2015	2.38	-0.41	1.76	-0.22	1.65	-0.62	0.02	0.89	-0.03	-0.90	1.18	-0.70	-0.90	-0.16	-0.90	-0.90	1.49
2016	2.38	-0.41	1.76	-0.22	1.65	-0.72	0.02	0.89	-0.03	-0.82	1.18	-0.70	-0.90	-0.07	-0.90	-0.90	1.49
2017	-0.57	-0.41	1.76	-0.22	1.65	-0.72	0.26	0.89	0.06	-0.73	1.18	-0.70	-0.90	-0.07	-0.90	-0.90	1.49
2018	-0.10	-0.41	1.76	-0.22	1.65	-0.72	0.45	0.84	0.06	-0.73	1.18	-0.70	-0.90	-0.07	-0.90	-0.90	1.49
2019	-0.48	-0.41	1.76	-0.22	1.65	-0.62	0.50	0.84	0.06	-0.73	1.18	-0.70	-0.90	-0.07	-0.90	-0.90	1.49

Source: the author based on data provided by Fernandez et al. (2016)

Table A2 – Models without the control variables related to each country's structural features

	Model A1		Model A2		Model A3	
	CCI		CCI		CCI	
FSP	0.2498	***				
	(0.0700)					
AFSP			0.0693	***		
			(0.0113)			
SI					-0.1020	*
					(0.0602)	
IND	-0.0039		-0.0096		0.0189	
	(0.0194)		(0.0203)		(0.0198)	
FIDEPTH	-0.0170	*	-0.0175	*	-0.0160	
	(0.0098)		(0.0093)		(0.0099)	
DEM	-0.0525	***	-0.0345	**	-0.0547	***
	(0.0156)		(0.0137)		(0.0157)	
CCRISIS	-0.1349	**	-0.1396	***	-0.1381	**
	(0.0523)		(0.0481)		(0.0535)	
TT	0.0000		-0.0013		0.0010	
	(0.0072)		(0.0068)		(0.0070)	
NETINFLOWS	-0.0017		-0.0018		-0.0019	*
	(0.0013)		(0.0011)		(0.0012)	
Constant	1.3699		1.4063	*	0.9355	
	(0.8583)		(0.8346)		(0.8476)	
N	423		423		423	
Country	17		17		17	
R^2	0.5746		0.5623		0.5638	
Waldchi^2	3043.14		3181.85		8382.22	
Prob>chi^2	0.0000		0.0000		0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.
AR 1 correction, country fixed effects, and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests

Table A3 – Models with the participation in the global value chains instead of the degree of trade openness

	Model A4		Model A5		Model A6	
	CCI		CCI		CCI	
FSP	0.2546	***				
	(0.0697)					
AFSP			0.0714	***		
			(0.0115)			
SI					-0.0986	
					(0.0605)	
IND	-0.0190		-0.0170		0.0002	
	(0.0219)		(0.0221)		(0.0213)	
FIDEPTH	-0.0165	*	-0.0162	*	-0.0168	*
	(0.0097)		(0.0094)		(0.0098)	
DEM	-0.0546	***	-0.0345	**	-0.0574	***
	(0.0154)		(0.0138)		(0.0152)	
CCRISIS	-0.1523	***	-0.1524	***	-0.1573	***
	(0.0536)		(0.0494)		(0.0554)	
TT	0.0028		0.0018		0.0031	
	(0.0074)		(0.0071)		(0.0073)	
NETINFLOWS	-0.0018		-0.0018		-0.0021	*
	(0.0013)		(0.0012)		(0.0012)	
GDPPC	-0.0674	*	-0.0687	*	-0.0707	**
	(0.0371)		(0.0365)		(0.0357)	
GVC	0.0074		-0.0051		0.0130	
	(0.0131)		(0.0126)		(0.0135)	
GOVEXP	0.0105		0.0106		0.0051	
	(0.0119)		(0.0113)		(0.0119)	
Constant	1.7047		1.9851	*	1.3915	
	(1.1878)		(1.1431)		(1.1601)	
N	423		423		423	
Country	17		17		17	
R^2	0.6048		0.5849		0.6147	
Waldchi^2	5110.09		9918.22		6715.10	
Prob>chi^2	0.0000		0.0000		0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.
AR 1 correction, country fixed effects, and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests

Table A4 – Models with the lagged dependent variable

	Model A7		Model A8		Model A9	
	CCI		CCI		CCI	
CCI	0.7740	***	0.7326	***	0.7937	***
	(0.0580)		(0.0617)		(0.0577)	
FSP	0.0895	**				
	(0.0451)					
AFSP			0.0216	***		
			(0.0069)			
SI					-0.0282	
					(0.0337)	
IND	-0.0108		-0.0122		-0.0014	
	(0.0115)		(0.0115)		(0.0115)	
FIDEPTH	-0.0004		-0.0022		0.0011	
	(0.0052)		(0.0054)		(0.0051)	
DEM	-0.0154	*	-0.0080		-0.0146	*
	(0.0081)		(0.0079)		(0.0079)	
CCRISIS	-0.1368	**	-0.1438	***	-0.1347	**
	(0.0542)		(0.0544)		(0.0549)	
TT	0.0034		0.0024		0.0033	
	(0.0042)		(0.0043)		(0.0040)	
NETINFLOWS	-0.0031	**	-0.0036	**	-0.0032	**
	(0.0015)		(0.0015)		(0.0016)	
GDPPC	-0.0160		-0.0243		-0.0154	
	(0.0155)		(0.0149)		(0.0148)	
TO	-0.0015	*	-0.0017	*	-0.0012	
	(0.0009)		(0.0009)		(0.0008)	
GOVEXP	0.0032		0.0045		0.0007	
	(0.0057)		(0.0059)		(0.0055)	
Constant	0.3192		0.5062		0.1960	
	(0.6410)		(0.6528)		(0.6132)	
N	406		406		406	
Country	17		17		17	
R^2	0.9394		0.9364		0.9424	
Waldchi^2	125836.56		53213.33		143101.47	
Prob>chi^2	0.0000		0.0000		0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.

AR 1 correction, country fixed effects, and year fixed effects are not shown.

All right-hand-side variables are lagged one period.

*** significant at 1%; two-tailed tests.

** significant at 5%; two-tailed tests.

* significant at 10%; two-tailed tests

Table A5 – Models with the original Capital Control Index as dependent variable

	Model A10		Model A11		Model A12	
	Original CCI		Original CCI		Original CCI	
FSP	0.0722	***				
	(0.0183)					
AFSP			0.0197	***		
			(0.0029)			
SI					-0.0157	
					(0.0163)	
IND	-0.0057		-0.0074		0.0007	
	(0.0056)		(0.0056)		(0.0058)	
FIDEPTH	-0.0056	**	-0.0055	**	-0.0054	**
	(0.0026)		(0.0024)		(0.0027)	
DEM	-0.0134	***	-0.0077	*	-0.0135	***
	(0.0045)		(0.0041)		(0.0046)	
CCRISIS	-0.0414	***	-0.0429	***	-0.0431	***
	(0.0156)		(0.0143)		(0.0155)	
TT	0.0011		0.0005		0.0012	
	(0.0022)		(0.0021)		(0.0021)	
NETINFLOWS	-0.0003		-0.0003		-0.0003	
	(0.0004)		(0.0003)		(0.0003)	
GDPPC	-0.0170	*	-0.0171	*	-0.0163	
	(0.0097)		(0.0093)		(0.0101)	
TO	-0.0010	***	-0.0009	***	-0.0012	***
	(0.0003)		(0.0003)		(0.0003)	
GOVEXP	0.0028		0.0031		0.0010	
	(0.0031)		(0.0029)		(0.0033)	
Constant	0.7816	**	0.8002	***	0.6999	**
	(0.3091)		(0.2928)		(0.3163)	
N	423		423		423	
Country	17		17		17	
R^2	0.6546		0.6508		0.6218	
Waldchi^2	9499.14		30004.56		4979.01	
Prob>chi^2	0.0000		0.0000		0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.
AR 1 correction, country fixed effects, and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests

Table A6 – Models with Capital Control Index covering only capital outflows

	Model A13		Model A14		Model A15	
	Outflow CCI		Outflow CCI		Outflow CCI	
FSP	0.3141	***				
	(0.0591)					
AFSP			0.0556	***		
			(0.0105)			
SI					-0.0796	
					(0.0555)	
IND	-0.0327		-0.0302		-0.0052	
	(0.0220)		(0.0223)		(0.0228)	
FIDEPTH	-0.0183	**	-0.0190	**	-0.0178	**
	(0.0083)		(0.0080)		(0.0087)	
DEM	-0.0540	***	-0.0402	***	-0.0550	***
	(0.0155)		(0.0154)		(0.0153)	
CCRISIS	-0.1046	***	-0.1115	**	-0.1107	**
	(0.0471)		(0.0464)		(0.0476)	
TT	0.0043		0.0039		0.0051	
	(0.0066)		(0.0062)		(0.0063)	
NETINFLOWS	-0.0021		-0.0024		-0.0023	
	(0.0016)		(0.0015)		(0.0014)	
GDPPC	-0.1021	***	-0.1077	***	-0.1014	***
	(0.0313)		(0.0282)		(0.0306)	
TO	-0.0022	*	-0.0025	**	-0.0034	***
	(0.0012)		(0.0011)		(0.0011)	
GOVEXP	-0.0015		-0.0015		-0.0083	
	(0.0107)		(0.0103)		(0.0115)	
Constant	2.7118	***	2.6751	***	2.3533	**
	(1.0138)		(0.9458)		(1.0037)	
N	423		423		423	
Country	17		17		17	
R^2	0.6338		0.6363		0.6005	
Waldchi^2	11234.27		48155.83		9785.45	
Prob>chi^2	0.0000		0.0000		0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.
AR 1 correction, country fixed effects, and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests

Table A7 – Models with Capital Control Index covering only capital inflows

	Model A16		Model A17		Model A18	
	Inflow CCI		Inflow CCI		Inflow CCI	
FSP	0.1459	*				
	(0.0876)					
AFSP			0.0763	***		
			(0.0146)			
SI					-0.1114	
					(0.0698)	
IND	0.0123		-0.0030		0.0286	
	(0.0256)		(0.0254)		(0.0260)	
FIDEPTH	-0.0171		-0.0176	*	-0.0164	
	(0.0111)		(0.0107)		(0.0113)	
DEM	-0.0439	**	-0.0212		-0.0424	**
	(0.0192)		(0.0172)		(0.0193)	
CCRISIS	-0.1741	***	-0.1750	***	-0.1745	***
	(0.0642)		(0.0588)		(0.0640)	
TT	0.0026		-0.0004		0.0020	
	(0.0081)		(0.0077)		(0.0080)	
NETINFLOWS	-0.0009		-0.0010		-0.0010	
	(0.0013)		(0.0012)		(0.0013)	
GDPPC	-0.0113		-0.0080		-0.0075	
	(0.0433)		(0.0416)		(0.0449)	
TO	-0.0041	***	-0.0031	**	-0.0048	***
	(0.0015)		(0.0014)		(0.0014)	
GOVEXP	0.0217		0.0236	*	0.0167	
	(0.0139)		(0.0132)		(0.0142)	
Constant	0.4805		0.7043		0.3274	
	(1.2773)		(1.2006)		(1.2893)	
N	423		423		423	
Country	17		17		17	
R^2	0.4940		0.4897		0.4802	
Waldchi^2	3697.03		12782.69		2283.38	
Prob>chi^2	0.0000		0.0000		0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.
AR 1 correction, country fixed effects, and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests

Table A8 – Models with Capital Control Index excluding direct investments

	Model A19		Model A20		Model A21	
	Non-DI CCI		Non-DI CCI		Non-DI CCI	
FSP	0.2576	***				
	(0.0694)					
AFSP			0.0728	***		
			(0.0108)			
SI					-0.0667	
					(0.0568)	
IND	-0.0244		-0.0323		-0.0012	
	(0.0225)		(0.0228)		(0.0229)	
FIDEPTH	-0.0169	*	-0.0168	*	-0.0162	
	(0.0100)		(0.0095)		(0.0103)	
DEM	-0.0555	***	-0.0336	**	-0.0554	***
	(0.0172)		(0.0152)		(0.0173)	
CCRISIS	-0.1601	***	-0.1647	***	-0.1653	***
	(0.0605)		(0.0561)		(0.0603)	
TT	0.0095		0.0070		0.0094	
	(0.0078)		(0.0073)		(0.0078)	
NETINFLOWS	-0.0015		-0.0017		-0.0016	
	(0.0014)		(0.0012)		(0.0012)	
GDPPC	-0.0724	**	-0.0748	**	-0.0702	*
	(0.0356)		(0.0331)		(0.0367)	
TO	-0.0039	***	-0.0034	***	-0.0047	***
	(0.0013)		(0.0012)		(0.0012)	
GOVEXP	0.0098		0.0121		0.0038	
	(0.0117)		(0.0109)		(0.0124)	
Constant	1.6281		1.7626	*	1.3584	
	(1.1412)		(1.0596)		(1.1635)	
N	423		423		423	
Country	17		17		17	
R^2	0.6294		0.6349		0.5988	
Waldchi^2	2788.45		8014.53		6085.44	
Prob>chi^2	0.0000		0.0000		0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.
AR 1 correction, country fixed effects, and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests

Table A9 – Models with Capital Control Index excluding direct and portfolio investments

	Model A22		Model A23		Model A24	
	Hot CCI		Hot CCI		Hot CCI	
FSP	0.2456	***				
	(0.0741)					
AFSP			0.0765	***		
			(0.0125)			
SI					-0.0281	
					(0.0565)	
IND	-0.0350		-0.0435		-0.0149	
	(0.0264)		(0.0268)		(0.0266)	
FIDEPTH	-0.0135		-0.0137		-0.0135	
	(0.0108)		(0.0104)		(.0111)	
DEM	-0.0523	**	-0.0302		-0.0528	**
	(0.0219)		(0.0198)		(0.0221)	
CCRISIS	-0.1584	**	-0.1623	***	-0.1643	**
	(0.0642)		(0.0596)		(0.0644)	
TT	0.0098		0.0070		0.0102	
	(0.0092)		(0.0086)		(0.0092)	
NETINFLOWS	-0.0006		-0.0008		-0.0008	
	(0.0013)		(0.0012)		(0.0013)	
GDPPC	-0.0527		-0.0533		-0.0519	
	(0.0421)		(0.0399)		(0.0430)	
TO	-0.0033	***	-0.0028	**	-0.0041	***
	(0.0013)		(0.0012)		(0.0012)	
GOVEXP	0.0142		0.0167		0.0093	
	(0.0130)		(0.0123)		(0.0136)	
Constant	1.3456		1.4997		1.0900	
	(1.3011)		(1.2094)		(1.3215)	
N	423		423		423	
Country	17		17		17	
R^2	0.5523		0.5620		0.5286	
Waldchi^2	3571.13		9655.40		14563.15	
Prob>chi^2	0.0000		0.0000		0.0000	

Notes: OLS with panel-corrected standard errors in parentheses.
AR 1 correction, country fixed effects, and year fixed effects are not shown.
All right-hand-side variables are lagged one period.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests

Table A10 – Models using Generalized Least Squares

	Model A25		Model A26		Model A27		Model A28		Model A29	Model A30	
	CCI		CCI		CCI		CCI		CCI	CCI	
FSP	0.0867	***	0.1235	***							
	(0.0323)		(0.0391)								
AFSP					0.0269	***	0.0295	***			
					(0.0067)		(0.0073)				
SI									-0.0221	-0.0299	
									(0.0242)	(0.0321)	
IND			-0.0310	**			-0.0322	**		-0.0154	
			(0.0121)				(0.0137)			(0.0119)	
FIDEPTH			-0.0010				-0.0003			0.0004	
			(0.0044)				(0.0047)			(0.0044)	
DEM			-0.0272	**			-0.0180	*		-0.0225	**
			(0.0111)				(0.0104)			(0.0104)	
CCRISIS			-0.0400				-0.0449			-0.0485	*
			(0.0277)				(0.0279)			(0.0284)	
TT			0.0074				0.0076	*		0.0051	
			(0.0047)				(0.0046)			(0.0046)	
NETINFLOWS			0.0003				0.0003			0.00041	
			(0.0010)				(0.0010)			(0.0008)	
GDPPC			-0.0562	***			-0.0539	***		-0.0519	***
			(0.0151)				(0.0179)			(0.0164)	
TO			-0.0008				-0.0010			-0.0011	
			(0.0010)				(0.0010)			(0.0009)	
GOVEXP			0.0002				0.0020			-0.0025	
			(0.0058)				(0.0064)			(0.0059)	
Constant	0.6445		1.3759	**	0.5543		1.1866	*	0.6686	1.2962	
	(0.4112)		(0.6927)		(0.4093)		(0.6965)		(0.4246)	(0.7071)	
N	423		423		423		423		423	423	
Country	17		17		17		17		17	17	
Waldchi^2	652.08		1131.96		545.54		913.84		701.16	1030.79	
Prob>chi^2	0.0000		0.0000		0.0000		0.0000		0.0000	0.0000	

Notes: Generalized Least Squares with heteroskedastic errors in parentheses. AR 1 correction, country fixed effects, and year fixed effects are not shown.
All right-hand-side variables are lagged one period. *** significant at 1%; two-tailed tests. ** significant at 5%; two-tailed tests. * significant at 10%; two-tailed tests

Table A11 – Baseline Model using a Two-Stage Least Squares model

	Model A31	
	CCI	
FSP	0.2925	***
	(0.1015)	
IND	-0.0085	
	(0.0165)	
FIDEPTH	-0.0317	***
	(0.0092)	
DEM	-0.0694	***
	(0.0152)	
CCRISIS	-0.1211	
	(0.0858)	
TT	0.0129	**
	(0.0063)	
NETINFLOWS	-0.0051	
	(0.0032)	
GDPPC	-0.0909	***
	(0.0243)	
TO	-0.0113	***
	(0.0019)	
GOVEXP	0.0204	**
	(0.0085)	
Constant	0.2953	
	(0.7882)	
Instrument		
FSP_REGIONAL_PROP	-0.1142	***
	(0.0090)	
N	423	
Country	17	
Weak Identifcation Test (p-value)	0.0000	
Kleibergen–Paap Underidentifcation Test (p-value)	0.0000	

Notes: 2SLS with robust standard errors in parentheses.
Country fixed-effects and year fixed-effects are not shown.
All right-hand-side variables are lagged one period.
The instrument is lagged two periods.
*** significant at 1%; two-tailed tests.
** significant at 5%; two-tailed tests.
* significant at 10%; two-tailed tests

B. APPENDIX CHAPTER 4

Table B1 – Main Capital Flow Management Measures under Post-Neoliberal Administrations

Country	Ruling Party	Main Capital Flow Management Measures	Year
Argentina	Front for Victory	Mandatory 365-day unremunerated deposit equivalent to 30% of capital inflows	2005
		Increased taxes and foreign exchange surrenders over primary exports	2007
		Need for authorization to purchase US dollars in a myriad of operations	2011
		Local insurance companies were banned from holding investments abroad	2011
		Need for authorization to purchase external assets	2012
		Limit on banks' net foreign exchange positions and net foreign exchange futures position	2014
		Restriction on foreign exchange transfers between local and foreign bank accounts	2014
Bolivia	Movement for Socialism	Tax on short-term dollar deposits	2006
		Tax on foreign currency-denominated exchanges in banks and exchange houses	2007
Brazil	Workers' Party	Tax on inflows related to external loans	2008
		Tax on inflows related to fixed income securities, stocks, margin deposits, and FDI	2009
		Tax on derivative contracts	2009
Chile	Socialist Party	Limits on purchases of foreign securities and derivatives by insurance companies and pension funds	2008
Dominican Republic	Dominican Liberation Party	Limit on excessive foreign borrowing by banks	2000
		Increased reserve requirements on lending in foreign currencies	2009
El Salvador	Farabundo Martí National Liberation Front	Limit on loans to non-residents or for investment abroad	2009
		Reserve requirement to external borrowing by financial institutions	2009
		Limit on insurance companies' investment abroad	2009
Ecuador	Proud and Sovereign Homeland	Tax increases on transfers abroad	2007

Nicaragua	Sandinista National Liberation Front	Limit on foreign indebtedness by financial institutions	2009
Paraguay	Guasú Front	Reduced limit for net foreign assets long positions	2009
		Limit on daily changes of net foreign assets positions	2009
		Higher reserve requirements to foreign currency deposits than those for domestic currency deposits	2010
		Limit on banks' net open positions in foreign currency	2010
Peru	Peruvian Nationalist Party	Reserve requirement in domestic currency for financial institutions operating with foreign exchange derivatives	2015
		Additional reserve requirement for financial institutions operating with short positions in foreign exchange derivatives	2015
Uruguay	Broad Front	Higher capital requirements for foreign currency credit	2006
		Increased risk weight of foreign exchange loans	2006
		Strict criteria for classification of foreign currency consumption and housing loans	2006
		Reserve requirements for non-residents' purchases of locally-issued peso-denominated public securities	2012
Venezuela	United Socialist Party of Venezuela	Prohibition of foreign exchange use among residents	2003
		Suspension of transactions of government bonds denominated in foreign currency in the secondary market	2003
		Foreign exchange surrenders for all kinds of exports	2003
		Limit on open foreign exchange positions of financial institutions	2003
		Reserve requirement for foreign exchange transactions and deposits	2009
		Multiple exchange rate system	2009
Panama	Democratic Revolutionary Party	-	-

Source: IMF Annual Report on Exchange Arrangements and Exchange Restrictions; IMF Article IV Staff Reports.

Table B2 – Panorama of Capital Flow Management under Post-Neoliberal Administrations

Country	Ruling Party	Relevant Administrative Controls	Coverage	Heterodox Supportive Measures	Alignment with IMF toolkit
Argentina	Front for Victory	Yes	Broad	Yes	No
Bolivia	Movement for Socialism	No	Intermediate	No	Partial
Brazil	Workers' Party	No	Narrow	No	Yes
Chile	Socialist Party	No	Narrow	No	Yes
Dominican Republic	Dominican Liberation Party	No	Narrow	No	Yes
El Salvador	Farabundo Martí National Liberation Front	No	Narrow	No	Yes
Ecuador	Proud and Sovereign Homeland	No	Intermediate	Mixed	Partial
Nicaragua	Sandinista National Liberation Front	No	Narrow	No	Yes
Paraguay	Guasú Front	No	Narrow	No	Yes
Peru	Peruvian Nationalist Party	No	Narrow	No	Yes
Uruguay	Broad Front	No	Narrow	No	Yes
Venezuela	United Socialist Party of Venezuela	Yes	Broad	Yes	No
Panama	Democratic Revolutionary Party	No	Null	No	Yes

Source: IMF Annual Report on Exchange Arrangements and Exchange Restrictions; IMF Article IV Staff Reports.

C. APPENDIX CHAPTER 5

Table C1 – Argentina – External Financial Policies

Year	Capital Account Openness	Foreign Banks' Assets
2003	41.65%	32.80%
2004	41.65%	28.87%
2005	41.65%	25.21%
2006	25.16%	27.03%
2007	25.16%	27.37%
2008	25.16%	28.78%
2009	25.16%	28.24%
2010	25.16%	25.03%
2011	25.16%	29.89%
2012	0.00%	27.52%
2013	0.00%	27.51%
2014	0.00%	27.13%
2015	0.00%	29.91%

Source: Chinn and Ito (2006, 2020); Central Bank of Argentina.

Table C2 – Argentina – Exchange Rate and Monetary Policies

Year	Real Interest Rate	Real Effective Exchange Rate (2010=100)	Inflation (GDP Deflator)
2003	7.83%	120.38	10.50%
2004	-9.79%	115.8	18.36%
2005	-3.77%	118.61	10.32%
2006	-4.50%	118.82	13.74%
2007	-3.38%	109.04	14.94%
2008	-3.01%	119.34	23.17%
2009	0.24%	97.28	15.38%
2010	-8.57%	98.64	20.92%
2011	-7.77%	98.67	23.70%
2012	-6.75%	96.04	22.31%
2013	-5.49%	83.28	23.95%
2014	-11.60%	80.05	40.28%
2015	-1.31%	82.68	26.58%

Source: Bank of International Settlements; World Bank.

Table C3 – Argentina – Fiscal Policies (% of GDP)

Year	Cyclically-adjusted primary balance	Cyclically-adjusted balance	Revenue	Expenditure
2003	4.38%	2.69%	23.53%	22.03%
2004	5.57%	4.33%	27.00%	23.03%
2005	5.04%	3.22%	27.77%	24.43%
2006	2.88%	1.22%	28.27%	26.62%
2007	1.32%	-0.56%	30.31%	29.55%
2008	0.80%	-0.77%	31.11%	30.76%
2009	1.58%	0.32%	32.69%	34.52%
2010	-0.47%	-1.33%	31.96%	33.36%
2011	-2.55%	-3.74%	32.16%	34.90%
2012	-1.62%	-2.94%	33.80%	36.82%
2013	-2.99%	-3.61%	34.35%	37.60%
2014	-2.70%	-3.43%	34.60%	38.85%
2015	-4.61%	-6.20%	35.37%	41.37%

Source: International Monetary Fund.

Table C4 – Argentina – Social Policies

Year	GINI Index	Wage Share	Social Expenditure
2003	51.20%	NA	17.70%
2004	48.60%	38.70%	17.50%
2005	48.00%	40.60%	18.26%
2006	46.70%	41.50%	19.01%
2007	46.60%	42.40%	20.69%
2008	45.30%	45.90%	21.51%
2009	44.10%	50.20%	25.73%
2010	44.50%	49.30%	24.56%
2011	42.70%	52.30%	25.37%
2012	41.40%	57.00%	26.83%
2013	41.00%	58.90%	27.95%
2014	41.70%	60.00%	27.81%
2015	NA	59.10%	29.96%

Source: UN Economic Commission for Latin America and the Caribbean; International Labour Organization; World Bank.

Table C5 – Hungary – External Financial Policies

Year	Capital Account Openness	Foreign Banks' Assets
2010	100.00%	63.00%
2011	100.00%	63.00%
2012	100.00%	59.00%
2013	100.00%	56.00%
2014	100.00%	NA
2015	100.00%	44.37%
2016	100.00%	45.19%
2017	100.00%	44.34%
2018	NA	44.62%
2019	NA	40.64%

Source: Chinn and Ito (2006, 2020); Central Bank of Hungary; World Bank.

Table C6 – Hungary – Rate and Monetary Policies

Year	Real Interest Rate	Real Effective Exchange Rate (2010=100)	Inflation (GDP Deflator)
2010	5.08%	98.09	2.38%
2011	6.01%	90.77	2.18%
2012	5.62%	98.04	3.20%
2013	3.23%	95.21	2.98%
2014	0.83%	89.27	3.59%
2015	0.44%	86.8	2.46%
2016	1.11%	88.28	0.97%
2017	-2.14%	90.27	3.70%
2018	-2.93%	88.79	4.53%
2019	-2.61%	87.54	4.52%

Source: Bank of International Settlements; World Bank.

Table C7 – Hungary – Fiscal Policies (% of GDP)

Year	Cyclically-adjusted primary balance	Cyclically-adjusted balance	Revenue	Expenditure
2010	0.72%	-2.99%	44.74%	49.20%
2011	-0.40%	-4.07%	44.11%	49.35%
2012	4.19%	0.19%	47.03%	49.37%
2013	3.87%	-0.19%	47.56%	50.16%
2014	2.24%	-1.43%	47.43%	50.21%
2015	2.08%	-1.21%	48.63%	50.64%
2016	1.92%	-0.99%	45.39%	47.20%
2017	0.24%	-2.32%	44.52%	46.97%
2018	-0.38%	-2.72%	44.52%	46.67%
2019	-0.82%	-3.15%	44.00%	46.05%

Source: International Monetary Fund

Table C8 – Hungary – Social Policies

Year	GINI Index	Wage Share	Social Expenditure
2010	29.40%	50.10%	23.00%
2011	29.20%	49.40%	22.31%
2012	30.80%	49.50%	22.60%
2013	31.50%	48.50%	22.22%
2014	30.90%	48.30%	21.46%
2015	30.40%	47.90%	20.44%
2016	30.30%	48.10%	20.30%
2017	30.60%	47.60%	19.68%
2018	NA	NA	18.81%
2019	NA	NA	18.10%

Source: Organization for Economic Co-operation and Development; International Labour Organization; World Bank.