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.