



The Political Economy of Intermediate Capital Account Regimes: a Fuzzy-Set Qualitative Comparative Analysis

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Accepted: 24 May 2022 / Published online: 27 June 2022
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Abstract

Contrary to expectations, the global push for liberalizing reforms during the 1980s and 1990s did not abolish policy diversity in regard to capital flow management. Even though many countries fully opened their capital accounts, there remain several examples of divergence, which go from the maintenance of high levels of capital controls to partial liberalization. Against this background, relying on data from 84 countries between 1995 and 2017, this article uses fuzzy-set qualitative comparative analysis (fsQCA) to shed light on the conditions underlying different capital account regimes. In line with the Polanyian theoretical framework, findings reveal that two kinds of causal paths paved the way for intermediate regimes: the statist path was followed by right-leaning authoritarian regimes that attempted to combine the integration into global markets with the maintenance of control over the domestic private sector; the pluralist path was observed where either manufacturing industries or popular sectors were strong enough to motivate the reregulation of capital flows. Conversely, findings show that extreme regimes such as open and closed ones were associated with homogenous conditions like, respectively, leftist authoritarian regimes and rich democracies with stable economies.

Keywords Political economy · Qualitative comparative analysis · Capital flow management · Karl Polanyi · Policy regimes

Introduction

Since the dismantlement of the Bretton Woods order, capital mobility¹ has increased around the world through the mutual reinforcement between financial innovations and capital account deregulation (Kirshner 2014; Wolfson and Epstein 2013). After

¹ Capital mobility can be briefly 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/or regulations, the so-called capital controls (Obstfeld and Taylor 2004).

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noting that capital controls had lost their effectiveness to shield national economies, many economists and political scientists passed to anticipate a global move towards capital account openness (Andrews 1994; Edwards 1999).

Contrary to these expectations, even after the impulse for liberalizing reforms during the 1980s and 1990s, there remains plenty of diversity with respect to capital flow management. In this sense, it is true that many economies have fully opened their capital accounts; however, a relevant group of countries, especially emerging and developing ones, has followed alternative trajectories, keeping at least some capital controls (Chinn and Ito 2006).

In light of different patterns of cross-border financial regulation, Klein (2012) classifies countries into three groups. *Open* countries have removed almost all capital account restrictions, while *closed* ones have kept most of them. *Intermediate* countries, on the other hand, combined partial liberalization with episodic or moderate capital controls.² Building upon the literature on policy and political regimes (May and Jochim 2013; O'Donnell 2004; Schmitter and Karl 1991), it is possible to use this typology to characterize different types of capital account regimes, that is, persistent ensembles of laws and regulations that determine the conditions for cross-border financial movements across national economies, the features of the investors admitted to these movements, and the authorized types of capital flows.

Against this background, this article sheds light on why countries have built different capital account regimes after the dismantlement of the Bretton Woods order. As most of the empirical literature has assessed to what extent specific variables favor or counteract financial openness, my analytical focus lies in the drivers of intermediate capital account arrangements.

Relying on concepts from Polanyian political economy like double movement and embedded neoliberalism (Ban 2016; Bohle and Greskovits 2012; Blyth 2002), I argue that intermediate regimes emerge when expected or observed dislocations caused by capital mobility threaten the interests of strong social groups or the stability of political institutions. Especially in emerging and developing economies, this process leads policymakers to edit capital account liberalization, forging hybrid arrangements that keep financial integration alongside moderate or episodic capital controls.

Based on the same theoretical framework, I contend that the maintenance of either open or closed capital account regimes stems from the existence of homogeneous conditions that neutralize one of the poles of the Polanyian double movement. In the case of closed regimes, for instance, these conditions must impose sufficient obstacles to institutional changes that deepen marketization. Conversely, in the case of open regimes, such conditions should contribute to containing social and political reactions against capital mobility.

In terms of research design, based on data for 84 countries from 1995 to 2017, I perform a fuzzy-set qualitative comparative analysis (fsQCA). Departing from

² Klein (2012) also refers to closed and intermediate regimes as walls and gates, respectively. The first ones seek to erect a more or less permanent barrier against the international capital markets. The second open like gates during tranquil times, but shut in the face of excessive capital inflows.

empirical literature that mostly relies on statistical analyses, this methodological option allows properly addressing the causal complexity that characterizes the different capital account regimes.

Besides this empirical contribution, this article adds to the literature on the political economy of capital flow management in three intertwined ways. First of all, it contributes to the description of capital account regimes, emphasizing long-term regularities instead of short-term policy changes. According to Gerring (2012), the task of description has been largely neglected within the discipline of political science, leading to issues like imprecision, unreliability, and systematic bias. Moreover, with a focus on conjunctural causation instead of individual variables, the regime-centered perspective allows comparing the different paths that forge intermediate capital account arrangements. Finally, my Polanyian-inspired arguments about the determinants of capital account policies may also shed light on the long-term evolution of other neoliberal reforms such as trade liberalization and privatization of public services.

After this introduction, the remainder of this paper is organized as follows. “Literature Review” and “Theoretical Framework” expose the literature review and the theoretical framework. “Research Design” introduces the research design. “Findings and Discussion” discusses the empirical findings, exploring the conditions that explain why countries have adopted open, closed, or intermediate regimes of capital controls. “Final Remarks” presents the final remarks.

Literature Review

The political economy literature that investigates why countries have diverged in regard to the level of capital controls can be divided into four approaches, depending on their key explanatory variable. The *institutionalist approach* evaluates, for instance, the impact of political regimes on capital account policies, finding a negative relationship between the levels of democracy and financial openness (Eichengreen and Leblang 2008; Milner and Mukherjee 2009; Steinberg et al. 2018). This relationship is based on different mechanisms. First, the liberalization of capital outflows is likely to concede an ability to exit to domestic private capitalists, weakening authoritarian regimes (Dailami, 2000; Hirschman 2013). Second, the inflow of foreign capital may alter the economic structure, reducing the dependence of the most competitive sectors on government support (Pepinsky 2008; Rajan and Zingales 1998). Finally, since they are not subject to international stigmatization in other spheres, democratic political regimes have additional incentives to avoid the stigma associated with restricting capital mobility (Chwieroth 2015; Mosley 2010).

A similar relationship is expected for economic policy institutions, especially central bank independence (Grilli and Milesi-Ferretti 1995; Quinn and Inclán, 1997). Regarding the mechanisms, capital inflows help to keep inflation under control, the main target of an independent central bank (Barbosa-Filho 2008; Borio, 2012). Moreover, an independent central bank tends to favor the interests of financial institutions, which support full capital mobility (Epstein 1992). On the other hand, there is a risk of spurious correlation since both the central bank independence and the

removal of capital controls are supported by the financial sector, being the association of these two variables a potential consequence of a third variable like, for example, the strength of this sector.

The *pluralist approach*, according to Bearce (2003) and Li and Smith (2003), takes macroeconomic policies as the outcome of the balance of power among competing socioeconomic interest groups. In other words, the ability of interest groups to influence the level of capital controls is a function of their importance to the national economy (Frieden, 2015). In this framework, the position of these groups relates to how they perceive the consequences of cross-border financial flows on their external competitiveness, purchasing power, and balance sheet (Walter 2008).

For example, in countries where the productive structure is mainly composed of sectors that employ standardized inputs and depend on a competitive exchange rate, it makes sense to expect a stronger demand for capital controls (Blanchard, 2016; Hamilton-Hart 2017). This happens because capital mobility tends to foster exchange rate volatility and overvaluation, harming the competitiveness of the manufacturing industry, especially in emerging and developing countries (Gallagher 2015; Rodrik and Subramanian 2009). In some cases, however, the domestic manufacturing industry may support liberalization or take an intermediate position in face of the benefits of external finance and foreign direct investment (Encarnation and Mason 1990; Defever and Suedekum 2014; Henning 1994).

This contradictory pattern is even more pronounced among domestic private banks and workers. The former group is likely to support the full mobility of short-term financial flows, but demands protection against foreign banks' penetration into the domestic market (Mosley 2010; Pepinsky 2008). Similarly, in the latter group, unskilled labor pushes for a higher level of capital controls to keep capital and jobs at home (Quinn and Inclán, 1997), while skilled workers may favor financial openness as a way to increase the demand for labor (Alfaro 2004; Li and Smith 2003; Sigurgeirsdóttir and Wade, 2014). Still, regarding the workers' position, their capacity to influence capital account policies is expected to be higher if industrial capitalists share the same concern with cross-border financial flows (Pepinsky, 2008).

Besides institutions and interests, there are studies centered on the role of economic ideas in the building of capital account policies. For example, the participation of neoclassical economists in the government staff can help to explain capital account liberalization (Chwieroth, 2007). On the other hand, the prevalence of economists aligned with theories such as new welfare economics and new developmentalism favor the adoption of capital controls (Gallagher 2015). Also following this *ideational approach*, Edwards (2008) and Gallagher (2015) contend that the memory of past currency crises is a key ideational framing to justify the adoption of capital controls.

Being pivotal to translate ideas and preferences into policies, political parties shape different macroeconomic policies, affecting economic outcomes. According to the *partisan approach*, Bearce (2003) argues that left-wing parties are still more willing to impose capital controls to attend to the interests of specific economic sectors. Kastner and Rector (2003) 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. Similarly, Garrett

(2000) argues that larger and poorer countries with strong left-wing parties and labor unions are more likely to keep capital controls. On the other hand, Alfaro (2004) and Quinn and Inclán (1997) conclude that partisanship is relevant, but left-wing policies depend on the endowments of each country.

As it is possible to infer from this review, the literature has focused on specific variables, assessing their impact on the level of capital controls and their relationship with capital account reforms. In this regard, considering the period that follows the complete dismantlement of the Bretton Woods order, there are two intertwined gaps that this article aims to address.

First of all, there is a lack of attention to long-term regularities that characterize capital account policies. As discussed in the next sections, the adoption of a regime-centered perspective can contribute to analyzing these persistent patterns of policymaking, going beyond the sources of immediate changes in the level of capital controls.

Furthermore, despite including intervening variables, the reviewed studies do not fully explore the causal complexity that characterizes capital account policies, overlooking how the interaction between explanatory conditions forges different regimes of capital controls. This shortcoming is less problematic in the case of countries that keep fully closed or open capital accounts because some convergence between the different determinants is expected, making it easier to interpret the impact of each variable on the level of capital controls as a straightforward contribution to the adoption of a specific regime. However, intermediate capital account arrangements may result from contradictory and context-driven combinations of determinants.

In the next section, with the aim of adding to the literature on the politics of capital controls, I build a theoretical framework to shed light on the causal paths that forge different regimes of capital controls. In this regard, with a focus on intermediate arrangements, I attempt to articulate the key categories of Polanyian political economy with the notion of policy regimes.

Theoretical Framework

Against the prevailing economic thinking, the Polanyian perspective draws a fundamental difference between the existence of the market—an institution of varying importance in different places and historical periods—and its self-regulation—a utopic project that gained momentum with the industrial revolution and the strengthening of liberal ideas. In the transition from the nineteenth to the twentieth century, the attempt to expand the realm of self-regulating market deepened economic instability, motivating the reaction from a myriad of social and political groups. These counter-movements forged what Polanyi (1980) defines as a double movement, that is, the permanent conflict between the impulse for marketization and the resistance to the subordination of society to market forces.

According to Blyth (2002), this theory was successful in predicting the emergence of profound institutional changes centered on the restriction of the scope of the market. However, as put forward by the same author, it would be a mistake to take the postwar regulation of capitalism as the last act of the double movement. In

other words, just as the reaction against self-regulating markets engendered postwar interventionist models, like the welfare state and the developmental state, the stagflation of the 1970s and 1980s favored a new counter-movement, characterized by the support for market reforms.

Building on this, Ban and Gallagher (2014) defines neoliberalism as a set of ideas and policies that aim to expand the market realm by dismantling institutional arrangements that restricted the self-regulatory mechanism. On one hand, the rise of neoliberalism meant a global push for the adoption of certain policies like the integration into global financial markets, the labor market flexibilization, and the removal of trade barriers. On the other hand, this agenda did not lead to an institutional uniformization since policymakers were able to edit liberalizing reforms, forging hybrid arrangements like embedded neoliberalism, which combined the core features of neoliberalism with selective interventionism to mitigate some of the dislocations produced by marketization.

In this sense, Bohle and Greskovits (2012) contend that the diversity in local implementation of neoliberal policies reinforces the notion that the Polanyian double movement takes institutional form at the national level. Regarding the theoretical implications of this argument, these authors propose that the specific configurations that emerge following liberalizing reforms also depend on the interaction with other two dimensions: the affected social groups and their demand for protection; and the political system and its attempt to build legitimacy for the adopted arrangements.

As previously mentioned, I rely on this Polanyian framework to discuss the drivers of the evolution of capital account policies after the dismantlement of the Bretton Woods order. For example, it is possible to understand the increase in financial openness during the 1980s and 1990s as part of the neoliberal impulse for marketization (Ban and Gallagher 2014; Kirshner 2014). Similarly, the resilience of capital controls in many countries—as observed in the data presented by Chinn and Ito (2006) and Fernandez et al. (2016)—can be interpreted as evidence of the strength of social and political reactions to the perils of capital mobility.

Two complementary perspectives shed light on the functioning of double movement in the realm of capital account policies. For instance, scholars like Gallagher (2015), Pepinsky (2008), and Sigurgeirsdottir and Wade (2015) discuss the reregulation of capital flows as an immediate response to financial crises, keeping a short-term focus on the reinstatement of capital controls by countries that had already removed part of their cross-border restrictions. Alami (2019), Fritz and Prates (2018), and Kaltennbrunner and Paincera (2018), on the other hand, assess the long-term evolution of capital flow management in emerging and developing countries, emphasizing the existence of hybrid arrangements that use episodic capital controls to shield subordinate patterns of financial integration.

In line with this long-term focus, as mentioned in the introduction, this article proposes a regime-centered analysis of capital account regulation around the world. As put forward by May and Jochim (2013), the emphasis on policy regimes can be useful to disentangle government arrangements in different research areas such as comparative politics, international relations, and political economy. Furthermore, this perspective allows disentangling the interplay between shared ideas, interests, and institutions, mapping the governing arrangements for a given policy issue.

In this regard, Krasner (1982) and Morlino (2009) highlight that a set of institutions must present a minimal persistence to be taken as a regime, which is more than a temporary arrangement based on changing interests. In light of this debate, building upon the conceptualization strategy of O'Donnell (2004) and Schmitter and Karl (1991) for political institutions, I define capital account regimes as persistent ensembles of laws and regulations that determine the conditions for cross-border financial movements across national economies, the features of the investors admitted to these movements, and the authorized types of capital flows.

In order to operationalize this definition, I adapt Klein's (2012) typology to classify countries into three varieties of capital account regimes. Countries that adopted *open regimes* completed their capital account liberalization until the mid-1990s and were able to avoid capital controls since then. Countries that opted for *closed regimes* took the opposite trajectory, keeping liberalizing reforms to a minimum. Finally, countries that built *intermediate regimes* removed at least part of their capital controls amid the global push for financial openness, but either left liberalization incomplete or reinstated capital account restrictions to safeguard financial stability.

Against this background, relying on the previous debate about the Polanyian double movement and embedded neoliberalism, I contend that intermediate capital account regimes emerge when increased capital mobility threatens the interests of strong social groups or the stability of the political system. In face of at least one of these counter-movements, policymakers are expected to edit capital account liberalization, forging hybrid arrangements that combine financial integration with moderate or episodic capital controls.

Finally, still relying on this Polanyian framework, I argue that both open and closed capital account regimes stem from the existence of homogenous conditions that neutralize one of the poles of the Polanyian double movement. In regard to closed regimes, for example, such conditions must impose sufficient obstacles to financial liberalization. Conversely, in the case of open regimes, the explanatory conditions are expected to contain social and political reactions against capital mobility, weakening the demand for the return of capital controls.

Research Design

In light of this Polanyian theoretical framework, this article assesses the conditions underlying different capital account regimes. In this regard, as a first methodological step, I follow Fernandez et al. (2016), who classify 100 countries into open, closed, or intermediate regimes for the period between 1995 and 2017.

According to their criteria, open (closed) countries have, on average, capital controls over less than 15 percent (more than 70 percent) of their cross-border financial transactions during the analyzed period. Intermediate countries are neither open nor closed. Even though these thresholds are disputable, three interrelated reasons justify the alignment with Fernandez et al. (2016) on this matter: the comparability with other empirical studies that rely on the same database, the lack of a clearly superior alternative, and the impossibility of a detailed evaluation of such large number of countries.

To build this classification, Klein (2012) and Fernandez et al. (2016) rely on the Capital Controls Index, the annual level of capital controls in each country based on the simple average from the ten types of cross-border financial flows.³ This index is a continuous value between 0 and 1, where 1 is the value obtained by countries that control all operations in all types of flows. The level of control over each type of flow depends on the average of selected binary variables that indicate the existence of restrictions over each kind of transaction. This information stems from the Annual Report on Exchange Arrangements and Exchange Restrictions, published by the International Monetary Fund (IMF).

One potential fragility of this measurement strategy lies in the fact that six out of ten types of flows can be characterized as other investments. As the IMF (2009) currently divides capital flows into four functional categories,⁴ this means that Klein (2012) and Fernandez et al. (2016) end up underestimating the regulations over direct investment, portfolio, and derivatives. To address this shortcoming, I reformulated the CCI, calculating the level of capital controls from the simple average of regulations over the four IMF functional categories. Based on this reformulation, Table 4 lists the covered countries and their respective regimes, finding a predominance of intermediate arrangements.

In order to properly disentangle the determinants of capital account regimes, this article relies on fuzzy-set Qualitative Comparative Analysis (fsQCA). The main reason for this decision lies in the contribution of this method for addressing causal complexity (Schneider and Wagemann 2012). Before moving to the fsQCA findings, I introduce basic notions, the selection criteria for explanatory conditions, and the calibration procedures.

While statistical analysis focuses on the net effect of independent variables on dependent ones, fsQCA builds upon set relations to identify if individual or complex⁵ conditions (X) are necessary and/or sufficient⁶ for an outcome of interest (Y). With this objective, fsQCA conceives conditions and outcomes as sets in which cases have a membership or not. Based on quantitative and qualitative information, the attribution of cases to sets is called calibration.

Qualitative anchors determine the stage at which the condition is deemed fully present (fuzzy value ≥ 0.95), fully absent (fuzzy value ≤ 0.05), or lying at an indifference point (fuzzy value = 0.5). Based on the latter anchor, it is possible to establish differences in kind. For example, if democracy is the evaluated condition and the population of cases is composed of countries, fuzzy membership values above 0.5 mean that countries are rather or fully democratic, while values below 0.5 indicate that countries are rather or fully non-democratic.

³ In their research, these authors do not investigate why countries have adopted different regimes, discussing only their impact on macroeconomic performance.

⁴ The fifth functional category refers to official reserve assets, which are not a cross-border financial flow.

⁵ Complex conditions refer to conjunctions of different individual conditions.

⁶ The condition X is necessary if whenever the outcome (Y) is observed, the necessary condition (X) is also observed. On the other hand, the condition Z is sufficient if whenever the sufficient condition (Z) is observed, the outcome (Y) is also observed.

In a similar vein, fsQCA calibration also allows comparing cases that are similar in kind. In the case of democracy, for instance, one country with a fuzzy value of 0.8 is more democratic than another democratic country with a fuzzy value of 0.6.

Adapting the fsQCA terminology to the objectives of this article, I seek to identify which individual or complex conditions are necessary and/or sufficient for countries to adopt different regimes of capital controls. More specifically, after classifying each country as open, closed, or intermediate, I use fsQCA to identify necessary and/or sufficient conditions for each one of these three outcomes of interest. In line with the coverage of Fernandez et al. (2016) on capital controls, I calibrated the explanatory conditions for 84 countries⁷ considering the period between 1995 and 2015.

The underlying assumption of causal complexity is based on three aspects: equifinality means that various scenarios can induce the adoption of the same capital account regime; conjunctural causation indicates that case-specific factors affect regime choice in combination rather than in isolation; and asymmetrical causation implies that different causal factors may matter for one type of regime, but not necessarily for others.

The first step for QCA implementation is the choice of explanatory conditions. In this sense, considering the so-called limited diversity,⁸ it is important to keep a moderate number of explanatory conditions to avoid generating ambiguous solutions. To some extent, a similar restriction applies to statistical analysis, which cannot include unlimited independent variables without an excessive loss of degrees of freedom.

The selection of explanatory conditions stems from the theoretical framework exposed in the previous section. Specifically, I included five explanatory conditions⁹ in the fsQCA: if each country can be classified as industrialized or not (IND); if the executive power of each country was predominantly ruled by left-wing political parties or not (LEFT); if each country is democratic or not (DEM); if the country has experienced recurrent currency crises or not (FXINST); and if each country has high income or not (RICH).

In light of the Polanyian perspective,¹⁰ the country's industrialization (IND) and the political prevalence of left-wing labor-based parties (LEFT) seek to capture the strength of potential societal counter-movements against capital mobility. Following a similar rationale, the incorporation of democracy

⁷ From the original database, I excluded Eurozone countries and Hong Kong. The first ones do not have a direct national agency over exchange rate dynamics, while the second is not an independent country.

⁸ QCA solutions are based on the truth table minimization, composed of all possible combinations among the explanatory conditions. However, because of limited diversity, that is, the absence of concrete cases to cover all potential combinations, it is not possible to define if each combination of conditions leads to the outcome of interest. Even with simplifying assumptions, the excessive number of conditions tends to increase the ambiguity of solutions.

⁹ In line with the QCA convention, uppercase letters indicate the presence of one condition, while lowercase ones indicate its absence.

¹⁰ Besides the alignment with the theoretical framework, the chosen variables also cover the four approaches of the reviewed political economy literature: institutionalist (political regime), pluralist (economic size of manufacturing industry), ideational (memory of past crises), and partisan (government partisanship).

(DEM) is justified by the fact that political systems can also impose obstacles to economic liberalization. Still, regarding the drivers of the Polanyian double movement, another motivation for the reregulation of market forces is the deepening of economic instability, which takes the form of recurrent currency crises (FXINST) in the case of cross-border financial flows. Finally, due to the relevance of conjunctural causation for QCA, the inclusion of each country's income group (RICH) allows taking into account the differences between advanced and developing countries in terms of the composition of productive structure, the agenda of leftist parties, and the position at the global currency hierarchy.¹¹

After selecting the explanatory conditions, the next step for conducting fsQCA is the calibration of conditions and outcomes of interest. Therefore, to obtain continuous fuzzy values, I adopted the logistic transformation for all conditions and outcomes, defining only the three qualitative anchors: full membership (fuzzy value ≥ 0.95), full non-membership (fuzzy value ≤ 0.05), and indifference point (fuzzy value = 0.5).

In this regard, the calibration of each outcome of interest (regime) relied on the reformulated Capital Controls Index (CCI). In the case of set membership into open regimes (OPEN), the qualitative anchors were set at 0 (fully open), 1 (fully non-open), and 0.1499 (indifference point). Similarly, in the case of closed regimes (CLOSED), the qualitative anchors were set at 1 (fully closed), 0 (fully non-closed), and 0.7001 (indifference point).

For intermediate regimes (INTERMEDIATE), on other hand, there are two indifference points, at 0.15 and 0.70. To deal with this issue, I relied on the distance of each country's average CCI from the median point between these two references (0.425), setting the qualitative anchors at 0 (fully intermediate), 0.575 (fully non-intermediate), and 0.2751 (indifference point).

Moving to explanatory conditions, the evaluation of each country's level of democracy (DEM) was based on the Polity IV average score. To convert this measure into set membership, I relied on Polity classification,¹² setting the qualitative anchors at 10 (fully democratic country), 0 (fully non-democratic country), and 5.99 (indifference point).

The measurement of each country's level of industrialization (IND) was based on two indicators from United Nations Industrial Development Organization (UNIDO): adjusted manufacturing value added per capita (measured by 2010 US dollars) and share of world manufacturing value added. To convert the first indicator into set membership, I set the qualitative anchors at 5000 (fully industrialized), 0 (fully non-industrialized), and 1400 dollars (indifference point). To do the same with the second one, the anchors were set at, respectively, 15%, 0%, and 0.5%. After that, the set membership of each country into

¹¹ Additionally, the level of economic development is a frequent control variable in the empirical literature that relies on statistical analysis.

¹² The score range of Polity's democracy indicator goes from 0 to 10, attributing scores equal or greater than 6 to democratic countries.

the explanatory condition (IND) was defined as its highest fuzzy value in these dimensions.¹³

Moving to government partisanship, I relied on the proportion of years that executive power was ruled by left-wing political parties in each country (LEFT). Based on the Database of Political Institutions,¹⁴ the qualitative anchors were set at 100% (fully dominant left-wing political parties), 0% (fully non-dominant left-wing political parties), and 50% (indifference point) of the covered period.¹⁵

Regarding exchange rate instability, I used the proportion of currency crises¹⁶ that occurred in each country during the analyzed period (FXINST). Based on the Bank of International Settlements (BIS) database, the qualitative anchors were set at 50% (fully unstable), 0% (fully stable), and 15% (indifference point) of the covered period.¹⁷

Finally, in terms of the level of development, I relied on World Bank Income Groups to attribute the following annual values for each country¹⁸: 1 (high income), 0.4 (upper-middle income), 0.2 (lower-middle income), and 0 (low income). After that, the average value was used to attribute set membership into high income (RICH), setting the qualitative anchors at 1 (fully rich), 0 (fully non-rich), and 0.7 (indifference point).

¹³ In both indicators, the choice of the indifference point was based on the G20 member with the lowest rank. As a result, besides the whole G20, the set of industrialized countries included all economies that overcame at least one G20 member in either manufacturing value added per capita or share of world manufacturing value added. A similar rationale applies to full membership, which takes the position of the USA as a reference point.

¹⁴ Based on international affiliations, for few countries, I reformulated the classification of some political parties. For example, in Brazil, Brazilian Social-Democracy Party (PSDB) was reclassified from left-wing to center. Besides the economic agenda of its government, PSDB has an international affiliation with Centrist Democrat International. Additionally, its government was based on an alliance with Democratic Party (DEM), affiliated with International Democrat Union, being opposed by parties affiliated with Socialist International and Progressive Alliance such as Workers' Party (PT) and Democratic Labor Party (PDT). This political scenario is quite similar to Portugal in which the Database of Political Institutions classified Social Democratic Party (PSD) as centrist, People's Party (CDS-PP) as right-wing, and Socialist Party (PS) as left-wing.

¹⁵ The focus on the impact of dominant left-wing political parties explains these qualitative anchors.

¹⁶ Reinhart and Rogoff (2009) define currency crises as annual depreciations of 15 percent or more versus the US dollar.

¹⁷ In light of this indifference point, countries had to experience more than 3 currency crises between 1995 and 2017 to obtain membership into the set of unstable economies. The choice of this reference point aims to separate country-specific instability from contagion effects related to three global events that put pressure on exchange rates during the analyzed period: the late 1990s emerging markets' currency crises, the 2007 Global Financial Crisis, and the 2013 Federal Reserve's Taper Tantrum.

¹⁸ Since the focus is to classify countries as rich or not, I attributed these values to avoid that middle- and low-income countries could overcome the indifference point in a given year.

Findings and Discussion

After defining and calibrating the explanatory conditions and outcomes of interest, this section presents the main findings of the fsQCA. Specifically, I discuss the complex conditions that emerge from truth table minimization as sufficient¹⁹ for the adoption of each capital account regime. All these solutions overcame the consistency threshold, covering a representative group of cases²⁰ (Appendix Tables 5, 6, 7, and 8).

It is important to note that there are three types of solutions for truth table minimization. The conservative one is based only on conjunctions of conditions observed in at least one of the cases covered. The most parsimonious solution incorporates some logical remainders, that is, the conjunctions that are not covered by any cases, aiming to find the least complex solution possible. Finally, the intermediate solution falls in between the most parsimonious and conservative ones, seeking some balance between theoretical plausibility and parsimony (Appendix Figs. 1, 2, and 3).

For each regime, I discuss only the most parsimonious solution.²¹ This methodological option stems from two reasons. First of all, since the objective of this article is to unveil the drives of capital account regimes, I follow Baumgartner (2015), who states that the most parsimonious solution formulas allow uncovering causal relationships. Additionally, as there are no implausible counterfactuals with the selected explanatory conditions,²² no conjunction of conditions introduces the risk of contradicting the common sense or established theories.²³

¹⁹ No conditions overcame the necessity threshold (0.9) for any outcome of interest. For more information on necessity analysis, truth table minimization, and sufficiency analysis, see the Appendix.

²⁰ There are two key measures to evaluate sufficient solutions: consistency and coverage. The first one refers to which extent the cases covered by the solution have membership into the outcome of interest. QCA literature uses to adopt a minimum consistency threshold of .75, but this is only a rule of thumb that depends on each truth table. Coverage, on the other hand, refers to which extent the outcome of interest is explained by the solution.

²¹ To inform truth table minimization for each regime, I put the minimum consistency threshold for the occurrence of the outcome at the benchmark value of 0.8. Additionally, I set the minimum threshold for proportional reduction in inconsistency (PRI) at 0.5 in order to exclude combinations that can be associated with either to occurrence or absence of the outcome of interest.

²² According to Schneider and Wagemann (2012), excluding the implausible counterfactuals, the main risk associated to the most parsimonious solution lies in the incoherent counterfactuals, which result from contradicting the statement of necessity or imposing contradictory assumptions for the outcomes of interest. The first incoherence does not apply to this article because there are no necessary conditions for any regime. The second one was faced by following the procedures of enhanced standard analysis, as proposed by Schneider and Wagemann (2012), which did not lead to changes in the most parsimonious solution for any regime even after excluding sufficient rows for open regimes from intermediate regime minimization as well as sufficient rows for open and intermediate regimes from closed regimes minimization.

²³ The literature on capital mobility has only established which variables contribute to an increase or reduction in the level of capital controls, being unclear if the same impact is observed in all stages of capital account liberalization. For example, democratization may favor the reduction of capital controls to an intermediate level without having the same impact on full openness. Besides the implications for causal analysis, this aspect makes it difficult to formulate directional expectations, which are the cornerstone of intermediate solutions.

Even though this article focuses on intermediate arrangements, at first I discuss the sufficient conditions for open and closed capital account regimes. As mentioned in the “[Theoretical Framework](#),” the analysis of these extreme regimes allows understanding of what conditions curb the functioning of the Polanyian double movement, preventing the emergence of hybrid patterns of policymaking.

In the most parsimonious solution for open capital account regimes, I found one sufficient conjunction, which covers rich countries with democratic political institutions and stable economies (see [Table 1](#)). On the other hand, in the case of closed regimes, the only sufficient conjunction includes non-democratic countries that were mostly governed by left-wing political parties (see [Table 2](#)).

These findings align with the theoretical framework since both extreme capital account regimes derive from the convergence of explanatory conditions that neutralize one of the poles of the Polanyian double movement. In the case of open regimes, for instance, neither political institutions nor societal interests favor the emergence of counter-movements against capital mobility. As mentioned in the literature review, democracies tend to avoid the international stigma associated with cross-border financial restrictions and are less likely to seek control over the domestic private sector. Similarly, as a result of the informational revolution and tertiarization, there was a shrinking of low and medium technology industries in advanced countries, weakening a key source of grievances related to exchange rates. The neutralization of the Polanyian double movement also stemmed from the relative stability of these economies, which further limited societal demands for the reregulation of capital flows.

The case of the UK helps to illustrate these mechanisms.²⁴ In this country, the combination of deindustrialization, financialization, and tertiarization gave an impulse for external financial liberalization in the 1980s and 1990s (Copley and Giraud [2019](#)). Moreover, democratic competition fostered the macroeconomic convergence between right and left-leaning parties, further shielding the option for capital account openness (Burnham [2001](#)). Finally, by lying at the top of the global currency hierarchy, the British pound is less exposed to exchange rate instability, lowering the incentives for protective initiatives like capital controls (Cohen [1998](#)).

Moving to the analysis of closed capital account regimes, two convergent conditions contribute to neutralizing the marketization pole of the Polanyian double movement, empowering policymakers to resist the global push for capital account liberalization. First of all, non-democratic political institutions favor

²⁴ Relying on the strategy proposed by Flechtner and Heinrich ([2017](#)), it is also possible to identify which countries most contributed to lowering the PRI of the solution. In regard to open regimes, for instance, this was the case of Iceland, which was classified as an intermediate regime despite being a rich democracy with a relatively stable economy. One potential explanation for this deviancy lies in the strong effects of the 2008–2011 Icelandic financial crisis (Sigurgeirsdottir and Wade [2015](#)). It is important to note, however, that the abandonment of capital account openness was potentially transitory as the country removed most of the crisis-led capital controls after 2017.

the maintenance of cross-border financial restrictions as a means to assure the government's control over the private sector. Furthermore, the hegemony of left-wing parties reinforces the commitment to the regulation of market forces, which are perceived as a threat to social cohesion.

In the case of China, for example, both political institutions and government partisanship fueled the resistance against the global push for capital account liberalization.²⁵ In this sense, despite providing growing incentives to the entrance of foreign investments and the increase of Chinese investments abroad, the communist regime kept strict regulations over cross-border financial movements as a means to safeguard financial stability and subordinate private interests to national development goals (Helleiner and Wang 2019; Vermeiren and Dierckx 2012). In light of the recent political changes, it is also possible to interpret the maintenance of high levels of capital controls as part of the effort to assure social cohesion and discipline business leaders.

Regarding the adoption of intermediate capital account regimes, the most parsimonious solution is composed of four sufficient conjunctions (see Table 3). As expected, all these conjunctions result from the interaction between heterogeneous conditions, which reflect the functioning of the Polanyian double movement in the realm of capital flow management.

To interpret these sufficient conjunctions, I aggregate them into causal paths according to the origin of the counter-movement against capital mobility. In the two first sufficient conjunctions, for instance, it is possible to contend that the resistance to full capital account openness emerged from the political system and its attempt to keep legitimacy and stability. This *statist path* was followed by right-leaning non-democratic regimes that sought to combine the integration into global markets with the maintenance of control over the domestic private sector.²⁶

Resulting from different sufficient conjunctions, two cases are illustrative about the mechanisms underlying the *statist path*. In Saudi Arabia, for example, the government kept a dominant role in the domestic economy at the same that needed global financial markets to recycle the resources associated with oil exports²⁷ (Young 2018). These contradictory objectives forged an incomplete

²⁵ Regarding closed regimes, Zambia was the deviant case that most contributed for lowering the PRI. It is important to note, however, that Zambia was not dominated by a single ruling party between 1995 and 2017 as the cases covered by the solution. In this sense, despite not qualifying as a democracy, Zambia has been a hybrid political regime where the two largest left-leaning parties have competed in elections that are biased towards the governing party. As a result, in light of my theoretical framework, it is possible to contend that the level of political control of the ruling party was not enough to shield the country from the global push for financial liberalization.

²⁶ Despite being classified as industrialized economies, the cases covered by the first sufficient conjunction are mostly dependent on oil and gas exports, a condition that favors the economic predominance of state over the private sector.

²⁷ In the first conjunction of the *statist path*, Brunei was the deviant case that most negatively affected the PRI. Despite being an industrialized and non-democratic country, the condition of a British protected state until 1984 deeply forged the country's international relations, leading to strong ties with the City of London and the consequent option for complete financial openness.

Table 1 Most parsimonious solution for open capital account regime

DEM*fxinst*RICH → OPEN	
Consistency	0.819
PRI	0.610
Raw coverage	0.462
Unique coverage	0.462
Covered cases	USA, UK, Canada, Norway, Switzerland, Denmark, Sweden, Japan

Source: the author

Table 2 Most parsimonious solution for closed capital account regime

dem*LEFT → CLOSED	
Consistency	0.823
PRI	0.680
Raw coverage	0.462
Unique coverage	0.462
Covered cases	China, Vietnam, Angola, Ethiopia, Tanzania, Algeria, Tunisia, Bangladesh, Uzbekistan, Sri Lanka

Source: the author

capital account liberalization, characterized by gradual reforms and a lack of transparency (Al-Jasser and Banafe 2008; Dadush and Falcao 2009). To some extent, the same hybrid combination of political control and financial integration can describe the behavior of the country's sovereign wealth funds (Diwan 2009; McPherson-Smith 2021).

In the Kyrgyz Republic, the independence from the Soviet Union and the rise of a right-wing leadership fostered liberalizing reforms like the deregulation of cross-border financial flows²⁸ (ADB 2012). However, this process remained incomplete as the emergence of a hybrid political regime led government to enforce its power over the domestic private sector (EIU, 2021; Junisbai and Junisbai 2019). In this regard, it is worth highlighting that the level of capital controls increased following the 2005 and 2010 opposition protests (Fernandez et al. 2016). Finally, another potential motivation for keeping some capital account restrictions was the recurrent exchange rate instability, which reflected an oscillatory economic performance (WB 2021).

²⁸ In the second conjunction of the statist path, Uganda was the deviant case with a larger impact on the PRI. A potential reason why Uganda built an open instead of an intermediate regime was the fragility of its economy, being one of the few low-income countries in my sample. Due to the lack of economic complexity, it makes sense to expect that low-income countries would adopt extreme regimes as a result of the absence of strong interest groups and low levels of financial development.

Table 3 Most parsimonious solution for intermediate capital account regime

dem*left*IND + dem*left*FXINST + FXINST*IND + DEM*FXINST*LEFT → INTERMEDIATE	
Solution consistency	0.817
PRI	0.611
Solution coverage	0.703
Raw consistency	0.827
Raw coverage	0.426
Unique coverage	0.187
Covered cases	Kuwait, United Arab Emirates, Saudi Arabia, Bahrain, Oman, Kazakhstan, Iran
	0.891
	0.296
	0.047
	Kazakhstan, Kyrgyz Republic, Nigeria
	0.913
	0.435
	0.093
	Romania, Turkey, Mexico, Hungary, Argentina, Brazil, Kazakhstan, Korea, Venezuela
	0.878
	0.279
	0.025
	Brazil, Ghana, Argentina, Moldova, Hungary

Source: the author

Moving to the other two sufficient conjunctions, it is possible to argue that intermediate capital account regimes stemmed from the reaction of harmed social groups against recurrent financial instability. Specifically, this *pluralist path* was observed in countries where either manufacturing industries or popular sectors were strong enough to push for the reregulation of capital flows.

A brief analysis of selected national experiences can also shed light on the mechanisms underlying the pluralist path.²⁹ For instance, despite progressing with economic liberalization during the 1980s, Korea ended up building an intermediate capital account regime as a response to recurrent exchange rate pressures like the 1997 crisis (Gallagher 2015). Besides the aim of mitigating financial instability, the maintenance of some restrictions to capital mobility also met the needs of a strong manufacturing industry, which had an interest in external credit supply, but reacted against exchange rate volatility (Walter 2008). Among the examples of the Korean counter-movement against capital mobility, I highlight the exemption of key cross-border financial restrictions from the scope of the free trade agreement with the USA, and the deployment of encompassing macroprudential regulations following the 2007 crisis (Gallagher 2015).

In a similar vein, in the early 1990s, Ghana's democratization fostered economic liberalization, paving the way for the removal of some capital controls (Adom et al. 2016). On the other hand, between 1995 and 2017, most administrations were led by the National Democratic Congress, a social democratic party that needs to keep some policy space in order to secure the support from strong labor unions (Blunch and Verner 2004; Mills 2018). Against this background, the combination of gradual financial reforms, resilient inflationary pressures, and recurrent exchange rate instability forged an incomplete capital account liberalization (Murinde 2009; IMF 2020).

Finally, the case of Brazil also deserves attention as it appears in both sufficient conjunctions of the pluralist path. Since the mid-1980s, the demise of a developmentalist military dictatorship and the strengthening of neoliberal ideas gave a relevant impulse for this country's economic liberalization (Fritz and Prates 2018). However, two societal counter-movements have contributed to the emergence of an intermediate capital account regime. First of all, in a context of recurrent exchange rate pressures, the strong manufacturing sector supported market-friendly restrictions over capital inflows and FX derivatives as a means to defend a stable and competitive currency (Gallagher 2015). Being a way to enable expansionary macroeconomic policies, the deployment of capital controls also found an echo in the organized labor, which was the core constituency of the successive administrations led by the Workers' Party (Alami 2019).

²⁹ In the two conjunctions of the pluralist path, Uruguay was the deviant case that most contributed to lowering the PRI. Instead of building an intermediate regime, the country has kept an open capital account since the early 1990s. Three complementary factors may have prevented societal counter-movements against capital mobility: (i) the outward orientation of Uruguayan production in face of the country's small economy; (ii) the fact that almost all currency crises took place before the rise of leftists to power; and (iii) the signature of gradually encompassing trade and investment agreements with the USA since 2002, which limited the policy space for deploying capital controls.

Final Remarks

This article aimed to contribute to the literature centered on capital mobility. At the theoretical level, I relied on the Polanyian political economy to explore how the interaction between political and economic conditions forges different capital account policies. Methodologically, I moved away from the usual focus on the impact of individual variables on the level of capital controls, addressing the causal complexity of capital account regimes through fuzzy-set qualitative comparative analysis (fsQCA).

Relying on data for 84 countries between 1995 and 2017, findings revealed that intermediate capital account regimes emerge as a result of the operation of the Polanyian double movement in the realm of capital flow management. Specifically, it was possible to classify the causal paths that lead to intermediate arrangements according to the origin of the counter-movements against capital mobility. In the statist path, for instance, right-leaning authoritarian regimes aimed to combine the integration into global markets with the control over the domestic private sector. In the pluralist path, on the other hand, the initiative came from social groups like manufacturing producers or popular sectors that were strong enough to push for the return of capital controls.

Conversely, extreme capital account regimes like open and closed were found to depend on homogenous conditions that neutralize one of the poles of the Polanyian double movement. In regard to closed regimes, for example, left-leaning authoritarian regimes were able to impose sufficient obstacles to financial liberalization. In the case of open regimes, on the other hand, the conjunction of democratic institutions, financial stability, and economic development curbed the social and political reactions against capital mobility, eroding the demand for the reregulation of capital flows.

Before concluding this article, it is important to note, however, that my findings constitute only an initial step for the understanding of the drivers of capital account regimes. In this sense, the use of averages to assess the regularities of explanatory conditions and outcomes of interests is not free from analytical costs, explaining, for instance, the observation of deviant cases in the sufficient solutions. Even though the discussion of specific national experiences contributed to mitigating this shortcoming, future research should include detailed case studies to further evaluate the theorized mechanisms as well as potential combinations of fsQCA and statistical tools. Finally, despite demanding additional theorization, the comparison between statist and pluralist paths may be useful for shedding light on the drivers of intermediate policy regimes in other issues like, for example, macroeconomic policymaking and trade liberalization.

Appendix

Table 4 Capital account regimes, classification, 1995–2017

Open	Intermediate		Closed
Mauritius	Brazil	Hungary	Tunisia
Qatar	Burkina Faso	Dominican Republic	Sri Lanka
El Salvador	Indonesia	Egypt	China
Bulgaria	Moldova	Nigeria	India
Canada	Ghana	Ecuador	Tanzania
Switzerland	Iran	Israel	Ukraine
Bolivia	Mexico	New Zealand	Algeria
Georgia	Argentina		Bangladesh
Yemen	Lebanon		Vietnam
USA	Saudi Arabia		Uzbekistan
Uganda	Kazakhstan		Myanmar
Singapore	Iceland		Malaysia
Paraguay	Chile		Angola
Norway	Jamaica		Swaziland
Sweden	Turkey		Thailand
Brunei Darussalam	Venezuela		Pakistan
Denmark	Kuwait		Philippines
UK	Korea		Ethiopia
Costa Rica	Romania		Poland
Nicaragua	Kenya		Ivory Coast
Peru	Bahrain		Togo
Guatemala	Australia		Morocco
Japan	Czech Republic		Russia
Uruguay	Kyrgyz Republic		South Africa
Zambia	United Arab Emirates		Colombia
Panama	Oman		

Source: Fernandez et al. (2016), reformulated by the author

Table 5 Necessity analysis

Condition	Open regime			Closed regime			Intermediate regime		
	Consistency	Coverage	RoN	Consistency	Coverage	RoN	Consistency	Coverage	RoN
DEM	0.783	0.579	0.677	0.542	0.353	0.577	0.692	0.602	0.689
FXINST	0.428	0.518	0.812	0.528	0.563	0.827	0.541	0.771	0.901
LEFT	0.474	0.511	0.781	0.579	0.55	0.795	0.437	0.554	0.797
RICH	0.607	0.711	0.873	0.336	0.346	0.752	0.499	0.688	0.864
IND	0.747	0.548	0.658	0.592	0.382	0.585	0.762	0.657	0.717
dem	0.49	0.411	0.658	0.781	0.576	0.727	0.586	0.577	0.728
fxinst	0.873	0.507	0.493	0.83	0.424	0.454	0.783	0.535	0.508
left	0.782	0.483	0.526	0.667	0.363	0.473	0.834	0.606	0.592
rich	0.657	0.388	0.452	0.953	0.496	0.5	0.731	0.508	0.506
ind	0.556	0.469	0.684	0.768	0.571	0.728	0.564	0.56	0.723

Source: the author

Table 6 Truth table for open capital account regime

Row	DEM	FXINST	LEFT	RICH	IND	Outcome	<i>n</i>	Consistency	PRI
24	1	0	1	1	1	1	4	0.924	0.787
28	1	1	0	1	1	0	1	0.857	0.376
14	0	1	1	0	1	0	1	0.849	0.109
20	1	0	0	1	1	1	9	0.83	0.542
22	1	0	1	0	1	0	4	0.781	0.4
30	1	1	1	0	1	0	5	0.775	0.251
17	1	0	0	0	0	0	9	0.771	0.483
4	0	0	0	1	1	0	7	0.758	0.327
6	0	0	1	0	1	0	2	0.758	0.158
25	1	1	0	0	0	0	3	0.754	0.245
21	1	0	1	0	0	0	2	0.75	0.404
29	1	1	1	0	0	0	2	0.748	0.27
10	0	1	0	0	1	0	2	0.742	0.036
18	1	0	0	0	1	0	3	0.738	0.328
2	0	0	0	0	1	0	4	0.736	0.113
9	0	1	0	0	0	0	3	0.707	0.111
26	1	1	0	0	1	0	4	0.687	0.164
13	0	1	1	0	0	0	3	0.684	0.183
1	0	0	0	0	0	0	9	0.612	0.163
5	0	0	1	0	0	0	7	0.548	0.072
3	0	0	0	1	0	?	0	-	-
7	0	0	1	1	0	?	0	-	-
8	0	0	1	1	1	?	0	-	-
11	0	1	0	1	0	?	0	-	-
12	0	1	0	1	1	?	0	-	-
15	0	1	1	1	0	?	0	-	-
16	0	1	1	1	1	?	0	-	-
19	1	0	0	1	0	?	0	-	-
23	1	0	1	1	0	?	0	-	-
27	1	1	0	1	0	?	0	-	-
31	1	1	1	1	0	?	0	-	-
32	1	1	1	1	1	?	0	-	-

Source: the author

Table 7 Truth table for closed capital account regime

Row	DEM	FXINST	LEFT	RICH	IND	Outcome	<i>n</i>	Consistency	PRI
14	0	1	1	0	1	1	1	0.892	0.345
13	0	1	1	0	0	1	3	0.884	0.607
10	0	1	0	0	1	0	2	0.876	0.241
6	0	0	1	0	1	1	2	0.865	0.603
5	0	0	1	0	0	1	7	0.863	0.709
29	1	1	1	0	0	0	2	0.831	0.158
25	1	1	0	0	0	0	3	0.811	0.208
2	0	0	0	0	1	0	4	0.808	0.27
30	1	1	1	0	1	0	5	0.794	0.183
9	0	1	0	0	0	0	3	0.772	0.265
28	1	1	0	1	1	0	1	0.749	0.09
26	1	1	0	0	1	0	4	0.727	0.1
1	0	0	0	0	0	0	9	0.714	0.346
18	1	0	0	0	1	0	3	0.704	0.227
22	1	0	1	0	1	0	4	0.683	0.245
21	1	0	1	0	0	0	2	0.661	0.222
17	1	0	0	0	0	0	9	0.599	0.135
24	1	0	1	1	1	0	4	0.566	0.051
4	0	0	0	1	1	0	7	0.556	0.018
20	1	0	0	1	1	0	9	0.516	0.035
3	0	0	0	1	0	?	0	-	-
7	0	0	1	1	0	?	0	-	-
8	0	0	1	1	1	?	0	-	-
11	0	1	0	1	0	?	0	-	-
12	0	1	0	1	1	?	0	-	-
15	0	1	1	1	0	?	0	-	-
16	0	1	1	1	1	?	0	-	-
19	1	0	0	1	0	?	0	-	-
23	1	0	1	1	0	?	0	-	-
27	1	1	0	1	0	?	0	-	-
31	1	1	1	1	0	?	0	-	-
32	1	1	1	1	1	?	0	-	-

Source: the author

Table 8 Truth table for intermediate capital account regime

Row	DEM	FXINST	LEFT	RICH	IND	Outcome	<i>n</i>	Consistency	PRI
28	1	1	0	1	1	1	1	0.956	0.754
10	0	1	0	0	1	1	2	0.952	0.666
14	0	1	1	0	1	1	1	0.943	0.639
26	1	1	0	0	1	1	4	0.942	0.767
2	0	0	0	0	1	1	4	0.928	0.548
29	1	1	1	0	0	1	2	0.919	0.629
25	1	1	0	0	0	1	3	0.907	0.376
30	1	1	1	0	1	1	5	0.899	0.594
9	0	1	0	0	0	1	3	0.889	0.505
4	0	0	0	1	1	1	7	0.851	0.583
18	1	0	0	0	1	0	3	0.85	0.335
20	1	0	0	1	1	0	9	0.841	0.447
24	1	0	1	1	1	0	4	0.817	0.219
21	1	0	1	0	0	0	2	0.811	0.361
22	1	0	1	0	1	0	4	0.806	0.288
17	1	0	0	0	0	0	9	0.797	0.26
6	0	0	1	0	1	0	2	0.793	0.052
1	0	0	0	0	0	0	9	0.777	0.244
13	0	1	1	0	0	0	3	0.764	0.185
5	0	0	1	0	0	0	7	0.643	0.044
3	0	0	0	1	0	?	0	-	-
7	0	0	1	1	0	?	0	-	-
8	0	0	1	1	1	?	0	-	-
11	0	1	0	1	0	?	0	-	-
12	0	1	0	1	1	?	0	-	-
15	0	1	1	1	0	?	0	-	-
16	0	1	1	1	1	?	0	-	-
19	1	0	0	1	0	?	0	-	-
23	1	0	1	1	0	?	0	-	-
27	1	1	0	1	0	?	0	-	-
31	1	1	1	1	0	?	0	-	-
32	1	1	1	1	1	?	0	-	-

Source: the author

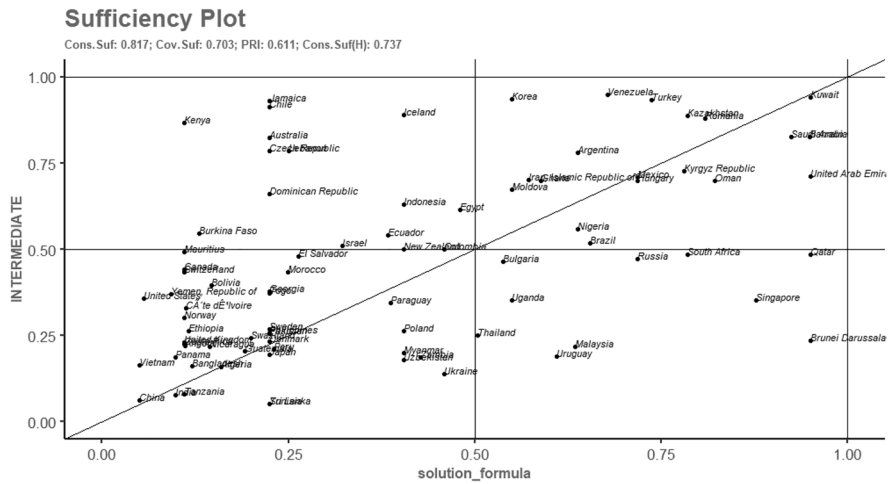


Fig. 3 Most parsimonious solution for intermediate capital account regime. Source: the author

Acknowledgements The author is grateful for the helpful comments provided by the anonymous referees, Andrew X. Li, André Cunha, Anil Duman, Cristina Corduneanu-Huci, Cyril Benoît, Dominik Brenner, Evelyne Hübscher, Julia Bandeira, Laura Seelkopf, Marina Zucker-Marques and Ringa Raudla on earlier drafts of this article.

Funding Open access funding provided by Central European University Private University

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