The Mass Political Economy of Capital Controls

David A. Steinberg  
School of Advanced International Studies  
Johns Hopkins University  
dsteinberg@jhu.edu

Stephen C. Nelson  
Department of Political Science  
Northwestern University  
stephen-nelson@northwestern.edu

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Abstract: In recent years, many governments have intensified regulations over cross-border financial flows, known as “capital controls.” A large literature assumes that international financial regulation is a low-salience issue for voters, but no previous studies have directly evaluated this claim. In contrast to this conventional wisdom, we argue that capital controls can become a highly salient political issue for ordinary voters. This is most likely to occur in middle- or upper-income countries that implement capital outflow controls during periods of monetary instability. Original data from two surveys fielded in a country that fits these conditions—Argentina—supports the argument. We find that: (1) capital outflow controls directly impacted many individuals’ pocketbooks; (2) most citizens were knowledgeable about the issue; (3) capital controls were perceived by many as an important policy issue; (4) individuals’ preferences over outflow controls reflected their economic self-interest; and (5) attitudes towards capital controls influenced vote choice in a Presidential election. These results indicate that ostensibly complex policy issues such as international financial regulation can become electorally salient under some conditions. The findings also imply that voters may be more capable of understanding their interests than is often recognized.

* A supplementary appendix containing additional materials is available at https://www.dropbox.com/s/8pxttauqtw8jl6c/Appendix%20Mas%20PE%20KCon%20Oct2017.pdf?dl=0.
I. Introduction

Between the debt crisis of the 1980s and the global financial crisis of 2008, many governments eliminated restrictions on cross-border capital flows, known as “capital controls.” That trend has gone into reverse since 2008. In the past decade, countries such as Brazil, Indonesia, Russia, and South Korea have tightened controls on inflows of capital. A number of other countries—including two of the original OECD members (Greece and Iceland) and several emerging countries (including China, Egypt, India, and Nigeria)—have tightened controls over capital outflows. The potential benefits make capital controls attractive: they insulate countries from volatility in international markets (Hoggarth et al. 2016) and can enhance macroeconomic and financial stability (Ostry et al. 2012). But their substantial costs should not be overlooked. Capital controls limit residents’ investment options and increase borrowing costs (Forbes 2007).

Despite these important economic effects, conventional wisdom maintains that most ordinary people have little interest in whether governments regulate their access to international financial markets. In this view, decisions about capital controls have “low domestic political visibility” (Helleiner 1994, 203), their effects are perceived to be “vague and uncertain” (Brooks and Kurtz 2012, 102), and “citizens are unlikely to fully grasp the technical complexity of the policy issue” (Pinheiro et al. 2015, 160). In other words, it is widely accepted that capital controls are characterized by “quiet politics,” defined as situations where “voters evince little sustained interest in and knowledge about an issue” and where “battles…take place away from the public spotlight” (Culpepper

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It may be true that capital controls do not garner intense public scrutiny in many cases. However, we lack individual-level evidence to justify the assumptions about the low level of public interest in and knowledge about capital controls. Moreover, several noteworthy cases suggest that the use of capital controls can in fact become a salient and politically consequential issue. For example, when Argentina imposed intense capital controls in the midst of its December 2001 financial crisis, ordinary “[p]eople reacted with outrage” (Blustein 2005, xx). Similarly, the Cypriot government’s decision to impose capital controls in May 2013 generated a “public wave of anger” (Pasik 2013).

Elsewhere, mass opinion favored governments that used controls to insulate the economy. Restrictions imposed during the 1997-98 financial crisis helped Malaysia’s leader Mahathir survive the crisis: “capital controls enabled expansionary policies, fulfilling the demands of…the Malay masses,” thereby shoring up support for the government (Pepinsky 2009, 192). Similarly, during their country’s 2008 financial meltdown many Icelanders “accept[ed] that without capital controls the whole economy could become unstable”, and the Icelandic Progressive Party’s promise to retain capital outflow controls “helped propel it from minor party to major party and secure the position of prime minister” (Sigurgeirsdóttir and Wade 2015, 122, 124).

Motivated by these and other cases, this paper argues that capital controls are likely to become a “noisy” issue in mass politics under some important conditions. These conditions are not observed everywhere, but they are common enough to merit applying a mass politics approach to the study of capital control policy. The emergence of noisy
capital control politics is most likely in middle- or upper-income countries that implement capital outflow controls during a period of monetary instability.

Under these conditions, capital controls have large and visible effects on many individuals’ pocketbooks. Consequently, average citizens are likely to be knowledgeable about the controls and perceive the issue to be an important one. In turn, voters’ preferences over capital controls are likely to reflect their economic self-interest. Voters are also likely to support political candidates whose positions on this issue mirror their own.

To evaluate these arguments, we present new evidence from Argentina, one middle-income country that recently imposed strict controls on capital outflows in an attempt to curtail capital flight. This is, to our knowledge, the first study to systematically examine individual-level attitudes towards capital controls. We present five main findings from the data, which together provide strong support for our argument that mass politics can coalesce around an ostensibly complex, technical, and opaque financial policy such as capital controls.

First, we use a survey-based list experiment to show that a considerable share of the population in Argentina (9.5%) evaded the country’s outflow controls by purchasing foreign currency on the black market, suggesting that many individuals were directly impacted by these regulations. Second, individuals are knowledgeable about this issue: a large proportion of respondents knew when capital controls were introduced and when they were removed. Third, capital account liberalization was one of the most common responses to an open-ended question about the best thing that Argentina’s new President had done. Fourth, economic self-interest influences mass public opinion toward capital
controls. Individuals that benefited from these restrictions, such as the unemployed, expressed stronger support for the controls, whereas those that were hurt by the controls, such as financial asset-holders, were more likely to prefer getting rid of the controls. Lastly, we find evidence that preferences towards capital outflow controls influenced individuals’ voting behavior: individuals that opposed the controls were significantly less likely to vote for the incumbent party’s Presidential candidate, who intended to keep the restrictive policy in place.

These findings indicate that prevailing, elite-centric, approaches to international financial policy are incomplete. While cross-border financial regulation is not always contested in the mass political arena, our evidence reveals that the masses can play an active role in shaping government decisions about cross-border financial regulation. Moreover, in contrast to recent scholarship in International Political Economy (e.g., Mansfield and Mutz 2009; Rho and Tomz 2017) and political behavior (e.g., Achen and Bartels 2016), our findings suggest that voters are not always oblivious to their interests. When the economic stakes are high, voters may be willing to pay attention to government decisions, figure out which policies support their interests, and vote based on their issue positions. Even policy issues that are widely believed to be highly technical can be subject to the forces of mass politics.

II. The Mass Politics Framework

The conventional “quiet politics” approach to the politics of international financial regulation is not incorrect but it is incomplete. This section explains in more detail why capital controls can become an issue of mass political interest under some
conditions. We first describe what those conditions are, and we then explain why capital controls are likely to become salient in these conditions. The final sub-section develops several testable hypotheses from the mass political economy framework, which we test with new data from Argentina in the next section.

*When Are Mass Politics Most Likely to Emerge?*

The importance of capital controls for average citizens varies across countries. One important factor is a country’s level of development. Capital controls are unlikely to be a hot-button issue for mass publics in low-income countries, where more basic concerns such as personal security and subsistence are often paramount. Moreover, in poor countries, the majority of people lack bank accounts and other formal connections to the financial system. Restrictive financial policies have more tangible consequences for ordinary citizens in middle- and upper-income countries, where a sizeable share of the population participates in the financial system.²

Secondly, there are different types of capital controls, and these distinctions matter. The most relevant difference is between controls on capital inflows and controls on capital outflows.³ Capital outflow controls, which restrict the ability of residents to exit the local financial system, are more likely to become a salient political issue than capital inflow controls, which restrict non-residents’ ability to enter the national financial system.

² Data from the Global Findex Database (Demirguc-Kunt et al. 2015) show that the share of the population with a bank account is just 28% in low-income countries, but is a considerable plurality in lower-middle income countries (43%) and substantially higher still in upper-middle income countries (70%).

³ Capital controls also differ along other dimensions that may influence their salience. For instance, controls that apply to financial assets that many citizens use, such as hard currency and bank loans, may have greater interest to the public than regulations that apply to equities, bonds, and other asset categories that fewer citizens use.
system. One reason is that more residents are likely to be affected by outflow controls than by inflow controls. Inflow controls reduce the supply of credit, which has important effects on borrowers. However, outflow controls limit the investment options of savers, who are a far more numerous group than borrowers. Outflow restrictions are also more salient because they directly limit what residents are permitted to do with their savings. This makes the policy’s costs clear and tangible for many people. By contrast, inflow controls primarily target non-resident investors who want to bring capital into the country. Although controls on capital inflows can have important effects on residents’ pocketbooks, those effects are indirect and less noticeable.

The public will also be more attuned to this issue when the government substantially tightens or loosens controls on capital outflows. Policy changes enable citizens to compare their experiences under different policy regimes, which should make it easier for them to understand their interests toward the issue. Shifts in policy are also likely to be scrutinized by the mass media and opposition politicians, further increasing the amount of information available to voters.

Macroeconomic conditions are a third important factor that impacts whether capital controls become salient. During periods of monetary instability, such as when a country is experiencing high inflation, capital flight, and/or exchange rate depreciation, the costs and benefits associated with capital outflow controls are magnified. Residents have a particularly strong incentive to move their money out of the local currency or local economy when domestic economic performance is poor, thus raising the benefits from a

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4 In Quinn and Toyoda’s (2008, 1409) words, “restrictions on residents and nonresidents…correspond to restrictions on capital outflows and inflows, respectively.”  
5 Nearly half of the world’s populations (47%) have formal savings compared to just 17% with formal borrowing (Demirguc-Kunt et al. 2015).
policy of capital account convertibility. At the same time, to the extent that capital controls can reduce capital flight and the damage that it inflicts on the economy, the benefits of capital account restrictions should be greater during times of monetary instability.

To recap, our argument is that the conventional wisdom about the quiet politics of capital controls is not wrong but does not apply everywhere. Outflow controls are likely to become a salient policy for ordinary citizens in middle- and upper-income economies during periods when their country is experiencing monetary instability. During the past decade, a considerable number of emerging-market and developed countries have substantially intensified capital outflow controls during periods of economic instability, including Angola (2015), Argentina (2011), Belarus (2011), Cyprus (2013), Iceland (2008), Greece (2015), Nigeria (2014), Ukraine (2008), and Venezuela (2014).

Why Capital Controls Become an Issue of Mass Politics

Much previous work on political behavior finds that ordinary citizens are unaware of how government policies affect their personal pocketbooks and they rarely cast votes on the basis of single issues (e.g. Achen and Bartels 2016; Citrin and Green 1990; Lenz 2009; Sears and Funk 1990). This is echoed in recent research in international political economy showing that individuals’ attitudes toward international trade do not reflect economic self-interest nor does it influence their voting behavior (Guisinger 2017; Mansfield and Mutz 2009; Rho and Tomz 2017).

The existing literature on the political economy of international financial regulation fits squarely within this view. It begins from the assumption that the impacts
of capital controls are experienced at the “less visible and more dispersed macroeconomic level” (Helleiner 1994, 20) and are “felt only in the medium term” (Brooks and Kurtz 2007, 705). Since the effect of controls on individuals’ personal wellbeing is posited to be neither large nor visible, voters are disinterested and uninformed when it comes to international financial policies (Brooks 2004, 406; Brooks and Kurtz 2007, 708; Brooks and Kurtz 2012, 100; Broz et al. 2016, 211; Helleiner 1994, 203; Tomz 2012, 706). As a result, the electorate has “ambiguous” and ill-defined preferences towards capital account liberalization, which means that political decisions in this arena are “insulated from the demands of the mass population” (Yoo 2017, 7, 21; see also Kirshner 1995, 29).

While the conventional “quiet politics” view may work well for many policy issues, it is not universally applicable. When policies have large, direct, and visible impacts on individuals’ pocketbooks, peoples’ positions may reflect their personal interests and they may vote in line with their interests (Baker 2009; Citrin and Green 1990; Chong et al. 2001; Curtis et al. 2014; Sears and Funk 1990). This section explains why the imposition of capital outflow controls can produce a strong mass political reaction during periods of monetary instability in semi- or highly-developed economies.

Under these conditions, capital outflow controls have important short-term microeconomic consequences on many members of the mass public. As noted earlier, high inflation and currency depreciation harm people with savings held in the local currency. In volatile or under-performing economies savers typically want to transfer some of their wealth into foreign currencies and other safer assets. Outflow controls that prohibit savers from doing so are therefore harmful for this group. Some individuals are able to evade these controls by purchasing foreign currency on the black market, but this
is far from an optimal outcome for them: buying dollars on the black market is inconvenient, risky, and expensive compared to buying dollars on the official, legal, market. Thus, during periods of monetary instability, capital outflow controls impose large, direct, and visible costs on individuals that participate in the financial system—a group that is a sizable share of the population in all but the poorest countries.

Given the large and tangible costs of these controls, people may be far more knowledgeable about the issue than conventional wisdom assumes. Under the specified conditions, a substantial share of the population is likely to be aware of the degree of capital account convertibility, understand the consequences of this policy choice, and consider this an important issue. In democratic settings, opposition politicians have an incentive to criticize the government’s capital account policies, which can further increase the perceived importance of the issue for voters.

The quiet politics and mass politics approaches also diverge on the nature of mass preferences towards capital controls. Quiet politics assumes that most people have “non-attitudes”: they know so little about capital controls that they do not have any opinion on the policy, and any reported views on the issue are erratic and unpredictable. By contrast, if members of the mass public are attentive, then their preferences should be coherent, systematic, and thus predictable on the basis of factors such as their demographic characteristics and their “symbolic” predispositions (e.g., Sears et al. 1980). For example, individuals that are broadly sympathetic toward government interventions

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6 For instance, Guisinger (2017, 99) notes that a “relatively high proportion of individuals…have no stated opinion on trade.” Curtis et al. (2014, 725) posit that, for most IPE issues, “[n]onattitudes’ prevail: the modal citizen appears to lack meaningful opinions.”
in the economy and identify with leftist parties should be more supportive of capital controls than those with more conservative outlooks and partisan affiliations.

The mass political economy approach also suggests that attitudes about capital controls should vary according to the degree to which this policy improves or worsens peoples’ economic wellbeing. One important source of individuals’ sensitivity to capital controls is the extent to which they are involved in the financial system. Individuals that participate in the financial system should be more opposed to capital outflow controls than those that do not use any formal financial services. People with savings or other liquid financial assets benefit from policies that permit them to transfer some of these assets outside of the country or into a foreign currency (Frieden 1991, 439; Tomz 2012, 704; Freeman and Quinn 2012; Haggard and Maxfield 1996, 38). Capital outflow controls also make it more difficult to conduct various types of international payments, from using debit cards when traveling abroad to wiring money to family members that live in a foreign country, which create additional costs and inconveniences for financially active individuals. By contrast, these various microeconomic costs of capital controls will be less burdensome for individuals that lack liquid financial assets and do not use formal financial services.

An individual’s employment status is another factor that should influence support for the policy on the basis of self-interest. People facing insecurity in the labor market, such as the unemployed, have good reasons to favor capital controls (Gallagher 2015; Pepinsky 2009). Controls on capital outflows stem the outward flow of capital and keep
investment within the economy. Capital controls also give policymakers more room to cut interest rates to stimulate investment and employment (Aizenman et al. 2013; Obstfeld et al. 2005; Klein and Shambaugh 2015). As a result, capital outflow controls can help stabilize an economy and protect jobs, which is beneficial for individuals with high degrees of labor-market insecurity. To be sure, the effect of capital controls on individuals’ employment prospects is less direct than the effects on liquid-asset holders. Nevertheless, due to the potentially large benefits to job seekers, this group may come to view capital controls as a useful tool for creating jobs, especially because political elites often highlight the efficacy of capital controls as a tool for stimulating employment (see, e.g., Gallagher 2015, 103-118; Sigurgeirsdóttir and Wade 2015, 117-124).

A final implication of the mass politics perspective relates to the political consequences of this policy. One straightforward way to observe the salience of this issue for average people is to look at how they cast their votes in national elections. The mass politics approach expects individuals to vote for candidates that promise to implement capital control policies that are consistent with their own preferences.

**Summary and Testable Hypotheses**

It is widely believed that capital controls are an arena characterized by “quiet politics” at the mass level. We have argued that capital controls are contested in the arena of mass politics in some conditions. In countries where many citizens participate in the financial system but the economy is unstable, governments are unlikely to fully ignore mass public opinion when deciding whether to regulate capital outflows.

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7 Much recent evidence finds that capital controls influence the volume of capital flows (Ahmed and Zlate 2014; Ghosh et al. 2014; Saborowski et al. 2014).
These two frameworks each imply a contrasting set of hypotheses about the nature of mass politics in these conditions, which are summarized in Table 1 and are evaluated empirically below. First, the two approaches disagree about whether capital controls perceptibly influence the pocketbooks of ordinary voters. The conventional view is that capital controls’ impact is purely macroeconomic and therefore not noticeable. By contrast, the mass politics view suggests that capital controls have some direct, microeconomic, impacts on voters’ pocketbooks. Next, whereas the quiet politics view maintains that voters are ill-informed about capital controls and do not view it as an important issue, we have argued that voters are knowledgeable about the status of capital control policies and perceive this to be an important issue. The two approaches also disagree about the nature of mass preferences. The quiet politics view that voters do not have any informed opinions about capital controls policies implies that any reported preferences on the issue will be little more than erratic, random guesses. The mass politics approach suggests that voters have meaningful attitudes about capital outflow controls, and those attitudes will be systematically related to their longstanding symbolic predispositions, such as partisanship and ideology, and their personal economic interests, as determined by factors such as their status in the financial system and labor market. Lastly, in contrast to the prevailing view, we have argued that positional issue voting may arise, where individuals that disagree with the government’s capital control policies are less likely to support the incumbent at the ballot box.
III. The Empirical Setting

The remaining sections present original survey data that provides a first effort at understanding mass political attitudes to capital controls. We focus on a single case, Argentina, which fits the conditions under which our theory expects mass politics to arise. The analyses are not aimed at testing whether the mass politics approach applies in all countries and time periods, but to determine whether it is accurate in cases that satisfy several specific criteria, namely those in which (1) the economy has attained at least a moderate level of development; (2) monetary instability is high; and (3) controls over capital outflows have been substantially intensified or loosened. Our evidence from a single country that fulfills these criteria cannot determine whether other countries with these attributes behave similarly. However, our theory suggests that these are the set of cases to which our findings are most likely to apply, and anecdotal evidence discussed in the conclusion suggests that it is at least plausible that our findings generalize to other cases with these three characteristics.

Argentina is an upper-middle-income country with a moderate level of financial development. For instance, in 2014, 50.2% of Argentines had a bank account, according to data from Demirguc-Kunt et al. (2015), which places Argentina at the 49th percentile of the global distribution. Argentina has also experienced considerable levels of economic instability in recent years (and historically). Following Argentina’s devastating financial crisis of 2001-02, the economy experienced a brief period of rising capital inflows, rapid growth, and macroeconomic stability under President Néstor Kirchner between 2003 and 2006. However, inflation exceeded 20% per year between 2007 and 2010, during the first Presidential term of Cristina Fernández de Kirchner. Due to
inflation and the deterioration in Argentina’s balance-of-payments, capital flight became a serious problem for Argentina in 2011, and the central bank’s foreign reserves steadily declined during Fernández de Kirchner’s second term (2011-15) (Gaggero et al. 2015)

The Kirchner governments made extensive use of capital controls to manage the economy. In June 2005, the government implemented capital inflow controls to try to stem the tide of rising capital inflows. These rules required deposits in the Argentine banking system from abroad to remain in the country for a minimum of 365 days, and 30% of the value of each deposit had to be held in a non-interest-bearing account. In response to capital flight several years later, Fernández de Kirchner intensified controls on capital outflows. The most important measures, known in Argentina as “cepo cambiario” (meaning “dollar clamp”), were introduced in October 2011. The main feature of the controls was a registry system to record and approve every transaction involving the exchange of pesos for foreign currencies. Purchases as small as $100 were subject to official approval, and the use of credit and debit cards abroad were taxed. These controls were progressively tightened between 2011 and 2014: limits on dollar purchases went down and surcharges for the use of credit cards abroad increased.8

The capital outflow controls became a central political issue in the 2015 presidential election. Capital controls were “one of the issues where the differences are greatest” between the candidates.9 Daniel Scioli, the candidate for the Front for Victory (Frente para la Victoria), the Kirchnerista faction of the Peronist Party, repeatedly

stressed the need to retain capital controls. By contrast, the candidate for the center-right Let’s Change (Cambiemos) party, Mauricio Macri, vowed to dismantle outflow restrictions on his first day in office.

Macri won the election after receiving 51% of the vote in the runoff election. On December 17, eight days after his inauguration, Macri eliminated the major capital outflow controls that were introduced in 2011. At the same time, Macri removed the 30% unremunerated reserve requirement on foreign bank deposit inflows that was instituted in 2005.

IV. The Data

In order to understand mass public attitudes about capital controls, we fielded several questions on this topic in two separate nationwide surveys. First, several questions were included in the first wave of the Argentine Panel Election Study (APES), a nationally representative face-to-face survey of 1,149 Argentine adults that was fielded between June 24, 2015 and August 6, 2015 (Lupu et al. 2015). The second survey was conducted by Isonomía Consultores, an Argentine polling company, during the week of June 21-26, 2016. This survey was a representative national sample of 4,300 Argentine adults that used a combination of face-to-face interviews and telephone surveys based on random-digit dialing.

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The two surveys were fielded in fairly distinct contexts. Argentina retained strict controls on both capital inflows and capital outflows at the time of the first survey, but those controls were no longer in place when the second survey was fielded. Citizens had also received much more information about capital controls from the media and other sources by the time of the second survey.\textsuperscript{12} Argentines had also experienced the effects of the policy liberalization by the time of the second survey.

The surveys contain various types of questions about capital controls, including ones related to personal experience with the controls, knowledge-based questions, and attitudinal ones. Our main questions of interest ask respondents about their opinions towards the most prominent capital outflow control measures. The question from the first survey asks individuals whether they agree with the requirement that “citizens need to obtain permission from the national government and pay taxes to purchase dollars.” The five possible response categories were (1) strongly agree, (2) somewhat agree, (3) neither agree nor disagree, (4) somewhat disagree, and (5) strongly disagree. Higher values on this variable indicate greater opposition to capital controls and stronger support for financial openness. The second survey asked the following question about attitudes about capital outflow controls: “the government recently lifted restrictions on the ability of citizens to purchase dollars, a policy often known as ‘cepo cambiario.’ What is your opinion about the decision to end the cepo cambiario?” We used the same five response categories as before, but reversed the scale so that higher values again indicate stronger

\textsuperscript{12} Figures A1 and A2 in the appendix show that media attention and popular attention to capital controls in Argentina peaked in December 2015, several months after the first survey.
opposition to capital controls. Tables A1 and A2 in the appendix presents descriptive statistics for all the variables used in our analyses below.

We hypothesized that two factors influence individual support for controls on capital outflows: their level of financial participation and their job security. Financial participation is measured using information from two separate questions: whether respondents own a bank account and whether they have a credit card. Both are commonly used indicators of “financialization” or “financial inclusion” (e.g., Demirguc-Kunt et al. 2015). The capital control measures in place in Argentina are likely to be particularly costly for individuals with bank accounts and credit cards. Bank accounts imply that an individual has some savings, which could potentially be transferred into a foreign currency. Argentina’s regulations made it costly to use credit cards abroad, and these costs were more relevant for credit card holders than others. In addition to these specific restrictions, the entire capital control regime made it more difficult for citizens to conduct basic financial transactions, and owners of bank accounts and credit cards are more burdened by these regulations than individuals that do not use formal financial services. We sum up these two binary indicators to create a single measure of financial participation, which ranges from zero to two. This variable summarizes the degree to which individuals have a financial interest in an open capital account.

\footnote{Table A13 in the appendix shows that results are similar when we include additional types of financial activity in our measure, such as whether an individual had an outstanding loan and/or owns stocks or bonds. We do not include data on equity/bond ownership in our main estimates because only 0.5% of respondents reported owning stocks or bonds in the APES dataset; this question was not included in the second survey. Our main models do not include data on loans because capital outflow controls do not directly affect borrowers, making this type of financial activity less theoretically relevant.}
An individual’s employment status is used to capture their vulnerability to labor market fluctuations. We use unemployment as our main proxy for labor market insecurity because individuals that lack employment have the most to gain from policies that promote economic growth and employment. Individuals without a job are coded as 1; all other employment categories, including students, retirees, and people with jobs, are coded as 0. We expect joblessness to be associated with stronger support for capital outflow controls.\textsuperscript{14}

IV. The Evidence

This section presents five main pieces of evidence in support of the mass political economy approach. First, we show that many members of the mass public are directly affected by capital controls. The next sub-sections show that large numbers of voters know when capital control policies changed and consider this an important issue. We then show that preferences for capital outflow controls reflect individuals’ economic interests (among other factors), and those preferences, in turn, influenced how citizens voted in Argentina’s 2015 Presidential election.

*Personal Effects of Capital Outflow Controls*

The first question we address is whether capital controls have a visible impact on citizens. Some scholars argue that capital account policies do “not negatively affect any

\textsuperscript{14} In both surveys, unemployed respondents were far more likely than other respondents to report that they view unemployment as a major issue of concern. Using variables measuring whether a respondent is concerned about unemployment instead of actual employment status produces similar results in our models that predict attitudes towards capital controls (see Table A13).
specific societal group in an easily recognizable way” (Helleiner 1994, 20). This section shows that controls on capital outflows also have important, direct, and highly visible effects on many ordinary citizens. To do so, we examine one channel through which controls affected average Argentines: purchases of dollars in the black market.

After the imposition of the exchange controls in 2011 made it cumbersome to acquire foreign currency through official channels, some Argentines started to evade these controls by buying dollars through unofficial markets. Evading these regulations was costly for individuals. Foreign currency was more expensive on the black market than in the official market; at times, the black market price for dollars was twice as high as the official price. Purchasing foreign currency on the black market was also an illicit activity. For individuals, having to go through unofficial channels to acquire foreign currency represents one direct (and substantial) personal cost of the country’s system of exchange controls.

We estimate how many people illicitly purchased foreign currency during the period in which tight controls were maintained on capital outflows (2011-2015). The proportion of the population that used the unofficial currency market provides a very conservative estimate of the share of the population that was directly affected by these controls; many people that were unwilling to break the law or pay a premium for transacting with illicit vendors would probably have purchased foreign currency if regulations were less strict. Determining how many people purchased foreign currency in the informal market is challenging because individuals may be reluctant to admit to illicit
activities.\textsuperscript{15} To surmount this problem, we used the list experiment technique (also known as the item count technique), a common method for measuring the prevalence of “sensitive” behaviors or opinions in a population.\textsuperscript{16}

Our experiment, conducted in our June 2016 survey, proceeded as follows. Half of our respondents were randomly selected to be in the control group. This group was asked how many internationally oriented activities, out of a list of 4 innocuous options, they have done in the last five years. The four activities were (1) communicating with someone in another country by phone or email; (2) traveling to a foreign country; (3) purchasing goods that were originally made outside of Argentina; and (4) investing in a foreign country’s stock market. Respondents in the treatment group were asked how many activities they have done out of a list of five total activities. The treatment list included the same four activities as the control list plus one sensitive item: whether they purchased dollars in the “parallel market” (a euphemism for the black market).

Since individuals do not need to directly admit to engaging in illicit behavior, they have little reason to respond dishonestly. By design, the responses do not allow us to determine which individuals participated in the illicit currency market. However, under certain assumptions, the difference in means between the treatment and control groups provides an unbiased estimate of the proportion of the population that did so. The appendix presents diagnostic tests and additional details on this experiment, which show that the data appear to satisfy the requirements for unbiased estimation.

\textsuperscript{15} Argentine newspapers reported the price of dollars on the black market on a daily basis, but not the quantity of transactions.
\textsuperscript{16} For an overview of the technique, see Glynn (2013).
The top panel of Figure 1 presents our estimate of the proportion of the population that purchased dollars on the parallel market. The mean number of activities for the control and treatment groups were 1.23 and 1.33, respectively, a difference of 0.10. This implies that 10% of Argentine adults purchased foreign currency in unofficial markets over this period. This is a substantial number, and suggests that a non-negligible share of the Argentine public personally experienced the costs of the country’s capital outflow controls.

FIGURE 1 GOES HERE

Not all types of Argentines were equally affected by exchange regulations. Capital controls should be particularly important for people that participate in the financial system. The middle and bottom panels of Figure 1 estimate the prevalence of illegal foreign currency purchases for two subgroups of the population: individuals that are highly involved in the financial system, operationalized as having both a bank account and credit card; and individuals with lower levels of financial participation. We estimate that 14.8% of highly financialized individuals purchased foreign currency illegally whereas only 0.7% of people with low levels of financial involvement did so. This supports our argument that capital outflow restrictions are particularly costly for financialized individuals.

Knowledge About Capital Controls

To determine whether Argentines pay attention to capital controls, we asked factual questions about the timing of shifts in capital controls and in other policy areas. If individuals do not know or care about capital controls, few should be aware of when
capital control policies change. These fact-based questions help evaluate the assumption that “most citizens in the developing world” do not “have strong priors [about]…the current status of the capital account” (Brooks and Kurtz 2007, 708).

Our second survey included four factual questions about capital controls. These questions ask when the inflow controls were introduced and removed, and when the outflow controls were introduced and removed. For purposes of comparison, we also included questions about two prominent pieces of domestic social legislation (the Universal Child Allowance and same-sex marriage) and two other foreign economic policy issues (trade agreements and foreign direct investment). One concern is that capital controls have been revised more recently than some other policy issues, and this may inflate individuals’ levels of knowledge about this issue. To help address this concern, we added one question about an earlier piece of legislation that was partly related to capital account liberalization: passage of the Convertibility Law of 1991. All nine fact-based questions asked which President was responsible for the policy change. Whether an individual knows which President passed a piece of legislation is informative about whether that person knows which general period saw this policy change.

Figure 2 reports our main findings about political knowledge. The data indicate that knowledge about capital outflow controls is high in both absolute and relative senses. Over three-quarters of respondents correctly identified Macri as the President that liberalized capital outflow controls. More than two-thirds knew that Fernández de Kirchner introduced the outflow controls. The two questions about capital outflow regulations received the second and fourth most correct responses. Knowledge about

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17 This law established full currency convertibility and a fixed peso-dollar exchange rate.
18 The ordering of these questions was randomized to minimize question-order effects.
capital outflows exceeded knowledge about Argentina’s most prominent recent policy in the area of foreign direct investment: the renationalization of YPF from its Spanish owner. It also greatly exceeded knowledge about trade policy, as proxied by knowledge about Mercosur, Argentina’s most important trade agreement. Although the time lag since the adoption of Mercosur likely reduced the number of correct answers to the trade policy question, the fact that knowledge about the Convertibility Law greatly exceeds knowledge about Mercosur cuts against the widespread view that average citizens pay more attention to international trade than to international financial policies.

FIGURE 2 GOES HERE

On the other hand, knowledge about capital inflow controls is very poor. Barely one-quarter of respondents were aware that Macri liberalized capital inflows. Less than ten percent knew that Nestor Kirchner introduced the inflow control measures. The extraordinarily high number of respondents that admitted that they did not know when capital inflow controls were introduced or removed is consistent with our argument that this policy lacks salience.

In sum, Argentines display high levels of knowledge regarding shifts in capital outflow controls, but very limited knowledge about government regulation of capital inflows. As we show in appendix Table A7, financial participation is associated with higher levels of knowledge about capital outflow controls, but it is not correlated with knowledge about other policy issues, including capital inflow controls.
The Perceived Importance of Capital Controls

Even if people are personally affected by capital controls, and are aware of changes in these controls, one might wonder how the issue ranks in importance. The prevailing view is that capital controls are an issue “about which few citizens have typically heard, let alone care” (Brooks 2004, 406). To shed light on this question, we leverage two open-ended questions from the Isonomía survey. These questions asked individuals what the best thing that the government of Mauricio Macri has done and what the worst thing that this government has done. The frequency of mentions of capital controls provides a useful proxy for the perceived importance of this issue relative to others. Since respondents were only asked about the single best or worst policy, this measure greatly understates the share of voters that perceive capital controls as an important issue.

Figure 3 ranks the most common responses to the question about the Macri government’s best action. Of the 4,300 survey participants, 256 (or 6%) mentioned the liberalization of the cepo cambiario as the best thing that Macri has done in his first six months in office. If one excludes people that did not answer the question or answered either “everything” or “nothing,” 9.5% of the remaining respondents referred to capital controls. This is a particularly high figure in light of the fact that a substantial number of respondents focused on general themes, such as honesty, justice, change, or order, rather than concrete policy decisions. Capital controls are also important in a relative sense: it is the third most common response, only behind reducing corruption and increasing pensions. It ranks above other prominent policy shifts, including Macri’s resolution of the country’s longstanding dispute with its foreign creditors, the removal of export taxes and import barriers, and reductions in utility subsidies.
Figure 4 examines public perceptions of Macri’s worst policy since he became President. Inflation is, by far, the issue that is considered to be Macri’s worst area of performance. Very few other concrete policy decisions receive large numbers of mentions. A mere 0.7% of respondents referred to capital account liberalization in this question. Although this is a low figure, it is higher than some other policies that are typically considered to be highly salient, such as pensions and taxes.\textsuperscript{19}

The data presented in this section show that many individuals believe that capital account liberalization is an important issue. Among the people that consider capital controls salient, advocates of liberalization greatly outnumbered opponents. This evidence suggests that capital account liberalization might have helped increase popular support for Macri’s government, a point that is echoed in our analyses of voting behavior below.

\textit{The Determinants of Support for Capital Outflow Controls}

Our next set of analyses examines what shapes individuals’ support for capital controls, with a focus on the importance of economic interests. This question is important because it is widely believed that economic self-interest has a limited impact on preferences

\textsuperscript{19} The appendix shows that individuals that benefited from capital account liberalization were more likely to believe that the removal of capital outflow controls was Macri’s best policy change. We also examined which types of individuals were more likely to view capital account liberalization as Macri’s worst action, but found few statistically meaningful correlations; this is due in large part to the very low number of positive cases on this variable. See Table A8.
towards foreign economic policy issues. However, our theory suggests that self-interest is likely to be relevant in contexts like the one we are examining here.

The measures of opinions towards capital outflow controls that were described earlier serve as the dependent variables in these models. Unemployment and financial participation are the two main explanatory variables of interest. We are also interested in examining the role of “symbolic” variables, particularly ideology and partisan identity, since evidence that they impact mass attitudes would provide further support for our claim that opinions on this issue are systematic and meaningful. We measure ideology using a variable in which respondents placed themselves on a scale ranging from zero for “left” ideology to ten for “right” ideology. A respondent’s party identification is measured nominally based on whether they (1) identify with the Peronist Party; (2) Front for Victory; (3) one of the two main parties in the Let’s Change coalition, the Republican Proposal (PRO) or Radical Party; or (4) other, smaller, parties or do not identify with any political party. The latter serves as our baseline group. We expect support for capital outflow controls to be positively correlated with Peronist or Front for Victory identification, and negatively correlated with a Let’s Change identity and right-wing ideology.

The models also include several control variables that may be correlated with our indicators of personal economic interest as well as public opinion on international financial restrictions. The first control variable is an individual’s position in the income distribution in Argentina, which is measured using a ten-point scale of self-reported class position. Second, we measure individuals’ education levels, using an ordinal scale where
higher values indicate higher levels of education.\textsuperscript{20} Third, we control for gender identity because previous studies have found women to be more protectionist than men (e.g. Guisinger 2017). All models include province-level fixed effects to control for omitted region-specific factors that may influence public opinion.\textsuperscript{21} We estimate ordered logit models because our dependent variables are ordinal scales.

Table A9 in the appendix presents the output from these regression models. Figure 5 presents the main substantive effects from these models, in the form of the marginal effect of each variable on the probability of strongly supporting an open capital account. The left-hand column is based on data from the 2015 survey while the right-hand column is based on the 2016 survey.

FIGURE 5 GOES HERE

Both measures of economic interest are correctly signed and statistically significant in the first survey. Involvement in the financial system is positively signed, meaning that financial participation is associated with greater opposition to capital outflow controls and greater support for liberalization. A one-unit increase in financial participation increases the probability of strongly supporting openness for capital outflows by 3 percentage points for the average observation in the sample. Unemployment is associated with stronger agreement with restrictions on converting pesos into dollars. Unemployed people are 12 percentage points less likely to strongly support financial openness than others. Party identification is the only other variable that is statistically significant in model 1, with supporters of the incumbent FPV faction being

\textsuperscript{20} The first survey includes ten categories, the second survey nine categories.
\textsuperscript{21} A test of joint significance for the province dummies suggests that they should be included in the model. Using standard errors that are clustered by province, rather than the provincial fixed effects, produces similar results (Table A12).
more supportive of capital controls and supporters of the main opposition parties (PRO and Radicals) more opposed to capital outflow controls.

The second dataset produces similar results. In this model, increasing financial participation by one unit increases the likelihood of strongly agreeing with the liberalization of outflow controls by 2.2 percentage points. Unemployment reduces the probability of strongly agreeing with liberalization by 3.0 percentage points. All the other variables in this model are correctly signed and statistically significant: individuals that are wealthier, more educated, ideologically to the right, and identify with the PRO or Radical Party are more likely to favor liberalization; women and people that identify with Peronism or the FPV are less supportive of liberalization.

We conducted a number of robustness checks to help rule out alternative explanations for our main findings about unemployment and financial participation. As shown in appendix Tables A10 and A11, our main substantive conclusions are similar when we add controls for broader opinions about state intervention in the economy, nationalist sentiment, sector of employment, or level of political knowledge. In short, the data show that two measures of personal economic interests, unemployment and financial participation, are robustly associated with support for capital outflow controls.

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22 Table A14 examines whether political knowledge moderates the effect of the other variables in the model. Consistent with some prior studies (e.g. Baker 2009; Nelson and Steinberg 2017), we find that knowledgeable voters are more likely to hold preferences that reflect their ideology and partisan identity than less-knowledgeable voters. However, better-informed voters do not appear any more likely to express attitudes consistent with their self-interest than less-knowledgeable ones (a finding that echoes Curtis et al. 2014).
The Determinants of Support for Capital Inflow Controls

Although we have argued that economic interests are likely to shape attitudes towards capital outflow controls, this is less plausible to hold for the case of capital inflow controls due their less direct and visible consequences for voters’ pocketbooks (and the low levels of knowledge about this issue, as shown above). Both surveys also included opinion questions about capital inflow controls. As a further test of our argument and a placebo test for our prior models, Table A15 in the appendix examines the determinants of attitudes towards capital inflow controls. Our main measures of economic interest, FINANCIAL PARTICIPATION and UNEMPLOYED, have small and statistically insignificant effects on opinions toward this issue in both surveys. In summary, self-interest plays an important role in shaping individuals’ preferences for controls over capital outflows, but does not appear to influence attitudes towards capital inflow controls.

The Relationship Between Support for Capital Controls and Voting Behavior

The final question we address is whether capital controls can have consequences for political behavior. The 2015 elections in Argentina provide a valuable opportunity to address this question because the two major candidates adopted opposing stances towards capital outflow controls: Daniel Scioli of the incumbent FPV party campaigned on maintaining these controls while Mauricio Macri promised to liberalize them. It is therefore plausible that voters’ choice of candidate in this election was influenced by their preferences on this issue. In this section, we evaluate the hypothesis that voters that disagreed with capital outflow controls were less likely to support the incumbent party.
The 2015 Presidential election in Argentina unfolded in three stages. The first was a nationwide primary election on August 9, which was open to all voters. The primary ballot consisted of 15 candidates from 11 parties. The candidate with the most votes from each party would go on to represent their party in the general election, but parties also had to obtain at least 1.5% of the overall vote share to make it on the general election ballot. Six parties made it on to the ballot for the general election, which was held on October 25. To win the election at this stage, a candidate had to receive at least 45% of the vote, or win 40% of the vote with a ten-point margin over the next candidate. No candidate did so, forcing a runoff election on November 22 between the two top candidates, Macri and Scioli.

Our outcome of interest here is whether an individual voted for Daniel Scioli, the incumbent party’s candidate and the candidate that expressed the strongest support for capital controls. To examine the determinants of voting in the primary election, we use a measure of primary voting intentions from the first survey, which was fielded shortly before this stage of the election. We analyze voting in the latter two stages of election using panel data. Those models combine data on attitudes towards capital controls (and other predictor variables) from the July 2015 wave of the APES survey with data on voting from the second wave of the APES, which was fielded in late November and December 2015.

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We fit logit models where the dependent variable is a binary measure of whether the individual intends to vote for Scioli (1) or not (0). In addition to preferences on capital outflow controls, these models include all the variables that were included in the baseline model of the previous set of analyses (including the provincial fixed effects). We also control for attitudes towards capital inflows and whether an individual voted for Kirchner in the previous Presidential election.

Figure 6 presents the average marginal effects of each variable based on this model specification, and Table A16 contains the full regression output. As shown in the upper-left corner of Figure 6, opposition to capital outflow controls is a negative and statistically significant predictor of voting for the incumbent in the primary election. A one-unit increase in this variable reduces the probability of voting for Scioli by 2.9 percentage points for the average observation in the sample. Opinions towards capital outflow controls are nowhere near as important as party identification or previous vote choices, but its effect is sizable. By contrast, attitudes towards capital inflow controls had no bearing on support for Scioli.

The upper-right and lower-left panels of Figure 6 show the results for the general and runoff elections, respectively. Due to the considerable time lag between when the explanatory variables were measured and when the outcome variable was measured, it is unsurprising that most of the covariates have smaller coefficients compared to the first

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24 We obtain similar results using multinomial logit models, where the dependent variable denotes whether an individual intends to vote for Scioli/FPV, one of the candidates in the Cambiemos alliance, or one of the smaller parties (Tables A17-A18).

25 Adding these two variables to our models of preference formation does not alter the impact of our main variables of interest (Table A10).
model. However, our measure of opinion towards capital outflow controls is a statistically significant predictor of vote choice across all three stages of the election, and the magnitude of the effect remains similar, at around -0.03, in all models.

While our results are suggestive that attitudes towards capital controls influenced voting, an alternative explanation is that people instead revised their attitudes on this issue to match the position of their preferred party. To help rule out this alternative, we follow the approach proposed by Lenz (2009) and examine whether individuals that initially opposed capital controls were more likely to change their vote away from Scioli between the primary election and the general election—a period in which this issue grew in salience (as shown in Figures A1-A2). Among those that voted for Scioli in the primary, individuals that disagreed with capital controls were less likely to vote for Scioli in the November runoff election (48%) compared to voters that held neutral or favorable views towards capital controls (60%) (p < 0.05). Similarly, among individuals that voted against Scioli in the primary, individuals that were indifferent to or supportive of capital controls were more likely to switch their vote towards Scioli for the runoff election (23%) than individuals that disagreed with capital controls (15%) (p = 0.06). As a further test, the lower-right portion of Figure 6 shows that attitudes towards capital controls (measured in July) significantly influenced voting in the November runoff election even after controlling for how an individual voted in the primary election.

These findings demonstrate that opinions about capital controls can influence how individuals vote in elections in at least some conditions, such as when candidates line up on different sides of the issue. This obviously does not imply that capital controls play a large role in most elections, but it does suggest that capital controls have the potential to
become an electorally salient policy issue—a possibility that has not been systematically explored in previous research.

VII. Conclusions

In Argentina, ordinary voters are important players in international financial policymaking. This paper showed that many Argentines are affected by cross-border financial regulation, a substantial majority of the population is aware of these regulations, and a sizable minority considered capital controls to be the single most important policy issue facing their country. We also found that individuals’ material self-interest influenced whether they favored or opposed restrictions on cross-border capital flows, and positions on this issue influenced whether individuals voted for the incumbent party in a recent Presidential election.

Whether or not capital controls became a mass political issue beyond Argentina is a question that requires further research. However, anecdotal evidence from other countries suggests that Argentina is not an isolated case. Similar mass political dynamics seem to have emerged in other middle- and upper-income countries that applied capital outflow controls during periods of financial instability. For example, many Angolans leave their country to study and to receive medical care, but the capital outflow restrictions that the government imposed in 2015 has made it nearly impossible for people to acquire the foreign currency they need to do so. As a result, “[c]hildren who were studying abroad were being forced to come home” and many Angolans lament how it has become “the absolute worst time to get sick” due to their lack of access to the
foreign exchange required to obtain higher-quality foreign healthcare.\textsuperscript{26} Similarly, in Iceland after their 2008 financial crisis, when residents were prohibited from purchasing euros unless they had proof of travel to the European Union, some residents bought cheap airline tickets that they had no intention of using just to be able to purchase their quota worth of foreign currency (Sigurgeirsdóttir and Wade 2015, 116).

The Greek case provides further illustrative evidence of the ability of capital controls to become a salient issue in mass politics. Former Greek Finance Minister Yanis Varoufakis (2017, 255) reports that influential outside advisors warned him about the serious political costs paid by governments that imposed controls: Jeffrey Sachs said he “had never seen a surer way of committing political suicide than a finance minister passing legislation that stopped citizens from withdrawing their bank deposits”; and Willem Buiter of Citibank worried that outflow controls would deplete the government’s remaining “political capital.” After the implementation of capital outflow controls in July 2015, the issue received large amounts of attention from the news media and from ordinary voters. As shown in the appendix, the number of newspaper articles and Google searches about capital controls in Greece in this period exceeded that observed in Argentina. Capital controls were also politically consequential in Greece: Walter et al. (2017) show that the imposition of capital controls influenced how Greeks voted in a referendum on the terms of an international bailout package. The level of attention that voters pay to capital controls and this policy’s impact on important political outcomes such as elections and referenda does not appear to be a uniquely Argentine phenomenon.

This study has important implications for theories of political economy and political behavior. Our evidence contradicts the widespread view among scholars of IPE that international financial regulation is never subject to mass political contestation. Our findings do not imply that the masses are always a relevant actor in the politics of cross-border financial regulation, but they do indicate that average voters can matter in the political economy of capital controls. Previous research on the causes of capital account liberalization has focused almost exclusively on political elites, such as party leaders (Brooks and Kurtz 2007), cabinet officials (Chwieroth 2007), large banks (Haggard and Maxfield 1996; Pepinsky 2013), and international organizations (Mukherjee and Singer 2010), but this study suggests that elite-centric theories are incomplete. Greater attention to mass political preferences might improve our understanding of international financial policymaking.

This study also has important implications for the debate over whether self-interest influences individuals’ preferences toward international economic policies. A wave of recent studies concludes that economic interests have little impact on attitudes on issues such as international trade (Mansfield and Mutz 2009), immigration (Hainmueller and Hiscox 2007; Hainmueller and Hopkins 2015), and foreign debt (Bechtel et al. 2014; Walter et al. 2017; Nelson and Steinberg 2017). In a similar vein, others find that self-interest can influence reported policy preferences, but only when survey questionnaires provide respondents with additional information about the distributive effects of the policy choice (Bearce and Tuxhorn 2017; Rho and Tomz 2017). Our study shows that self-interest can shape attitudes on international economic policies even when individuals are not supplied with any extra information about the effects of a policy. Interests can
play a more important role in shaping attitudes towards economic policy than the recent wave of IPE studies suggests.

Finally, our study contributes new evidence to debates about electoral accountability. As Achen and Bartels (2016, 14) point out, “a substantial body of scholarly work demonstrat[es] that most democratic citizens are uninterested in politics, poorly informed, and unwilling or unable to convey coherent policy preferences through ‘issue voting.’” While this characterization is likely true in many circumstances, we have uncovered a case in which voters were highly informed about one policy issue and where their position on this issue influenced voting. This serves as an important reminder that, when the economic stakes are sufficiently large, democratic publics can hold their leaders accountable by voting out governments whose policies they dislike.

References


Table 1: Testable Implications of the Quiet and Mass Politics Approaches

<table>
<thead>
<tr>
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<th>Quiet Politics</th>
<th>Mass Politics</th>
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</thead>
<tbody>
<tr>
<td>Impact of Policy</td>
<td>Indirect &amp; diffuse</td>
<td>Direct &amp; visible</td>
</tr>
<tr>
<td>Knowledge of Policy</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Perceived Importance of Policy</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Individual Preferences</td>
<td>Non-attitudes are common</td>
<td>Symbolic dispositions &amp; economic interests influence policy preferences</td>
</tr>
<tr>
<td>Behavioral Consequences</td>
<td>None</td>
<td>Policy preferences influence vote choice</td>
</tr>
</tbody>
</table>
Figure 1: Frequency of Purchasing Foreign Currency on the Black Market

Note: The circles labeled “Control List” and “Treatment List” present the mean number of activities that an individual has done in the past five years from the four-item control list and five-item treatment list, respectively. The circles labeled “Difference” presents the difference in means between treatment and control groups, which provides an estimate of the proportion of the population that purchased foreign currency on the informal market. Lines indicate 95% confidence intervals of estimates.
Figure 2: Political Knowledge
Figure 3: Public Perceptions About the Government’s Best Policy

Note: Bars indicate percent of all respondents that referred to each issue as the best thing that the new government has done. All issues that were mentioned by more than 0.5% of respondents are included.
Figure 4: Public Perceptions About the Government’s Worst Policy

Note: Bars indicate percent of all respondents (N = 4,300) that referred to each issue as the best thing that the new government has done. All issues that were mentioned by more than 0.5% of respondents are included.
Figure 5: Marginal Effects on Support for Capital Outflow Controls

Note: Circles denote change in predicted probability of strongly supporting an open capital account for outflows in response to a one-unit change in the listed variable. Lines indicate 95% confidence intervals of marginal effects. Effects are calculated for the average observation in the sample.
Figure 6: Marginal Effects on Presidential Vote

Note: Circles denote change in predicted probability of voting for the incumbent party in response to a one-unit change in the listed variable. Lines indicate 95% confidence intervals of marginal effects. Effects are calculated for the average observation in the sample.