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The Mass Political Economy of Capital Controls

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Abstract

This article examines mass public opinion toward international financial-market regulations, known as "capital controls." Conventional wisdom maintains that most voters do not pay attention to or care about capital controls, but no previous studies have directly evaluated this claim. We argue that capital controls are likely to become a publicly salient issue under some conditions—specifically, when economically unstable countries reimpose regulations on capital outflows. Original data from two surveys fielded in Argentina support this argument. We show that most citizens are knowledgeable about capital controls, many consider it an important issue, individuals' preferences reflect their economic self-interest, and attitudes toward capital controls influenced vote choice in a presidential election. These results, along with illustrative evidence from four other cases, indicate that ostensibly complex policy issues such as international financial regulation can become electorally salient under some conditions.

Keywords

international political economy, elections, public opinion, voting behavior, globalization, Latin American politics, capital controls

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Introduction

Protectionism is on the rise. Free trade is increasingly under threat from rising barriers (World Trade Organization, 2016), and immigration restrictions have become a centerpiece of populists' agendas in many countries. Voters' hostility toward openness is commonly identified as a key factor underlying the recent protectionist turn (e.g., Frieden, 2019), and for good reasons. Large literatures show that voters have strong opinions about trade and immigration that reflect a mixture of their interests (Ardanaz, Murillo, & Pinto, 2013; Baker, 2005; Scheve & Slaughter, 2001) and values (Hainmueller & Hiscox, 2007; Hainmueller & Hopkins, 2015; Mansfield & Mutz, 2009). Voters' exposure to international trade and immigration flows has also been found to have important electoral impacts (Baerg, Hotchkiss, & Quispe-Agnoli, 2018; Colantone & Stanig, 2018; Jensen, Quinn, & Weymouth, 2017; Margalit, 2011; Mayda, Peri, & Steingress, 2018). In short, trade and immigration are mass political issues.

The last decade has also featured an increase in countries' use of "capital controls," policies that restrict cross-border flows of money and financial assets.[1] But in stark contrast to the literatures on trade and immigration, conventional wisdom maintains that most voters do not notice, understand, or care whether their governments restrict international financial transactions (Brooks, 2004, p. 406; Brooks & Kurtz, 2007, pp. 705-708, 2012, p. 100; Chwieroth, 2010b, p. 523; Helleiner, 1994, p. 203; Pinheiro, Chwieroth, & Hicks, 2015, p. 160; Tomz, 2012, p. 706; Yoo, 2018, p. 405). Decisions about capital controls reflect a purely "elite" political dynamic, according to this perspective. The literature suggests that the wave of capital account liberalization that started in the 1970s was driven by the beliefs of government officials (Chwieroth, 2007; Helleiner, 1994), pressure from the International Monetary Fund (IMF; Chwieroth, 2010a; Mukherjee & Singer, 2010), and lobbying by organized interest groups, such as big banks (Haggard & Maxfield, 1996; Mukherjee, Yadav, & Béjar, 2014; Pepinsky, 2013). Similarly, explanations for the post–2008 resurgence of capital controls focus on increased support for these measures among government technocrats, IMF officials, and other elites (Gallagher, 2015; Grabel, 2015). It is widely assumed that average peoples' opinions are irrelevant for understanding capital policy outcomes.[2] Perhaps as a result, no prior studies have bothered to examine mass public opinion toward capital controls.

It is probably true that capital controls are not a mass political issue in most settings. But the dominant, elite-centric, approach cannot account for the episodes in which capital controls seem to have become a publicly salient and politically consequential issue. For example, when Argentina imposed intense capital controls in the midst of its 2001 financial crisis, ordinary "[p]eople reacted with outrage" (Blustein, 2005, p. xx). The mass unrest that followed led to the resignation of Argentina's President less than 3 weeks later. In a less dramatic episode, the reimposition of capital controls in Nigeria "left a lot of Nigerians complaining" (Pick & Filling, 2016). Although capital controls damaged government popularity in these countries, their use has bolstered incumbents in other cases, such as Malaysia during the 1998 financial crisis. According to Pepinsky (2009), "capital controls enabled expansionary policies, fulfilling the demands of . . . the Malay masses," and this policy choice helps explain why "Malaysia's regime survived the crisis" (p. 192). Similarly, in Iceland, where the debate over capital controls came to be known as "the battle of Iceland," one party's campaign promise to retain these restrictions helped it win a parliamentary majority in 2013 (Sigurgeirsdóttir & Wade, 2015).

These examples suggest that it is necessary to revisit the assumption that capital controls are always a low-salience issue for average citizens. This article explains why capital controls are likely to become an important issue in mass politics under certain conditions. We then provide the first (to our knowledge) systematic analysis of mass public opinion toward the regulation of cross-border financial flows.[3]

Capital controls are most likely to become politically salient when economically unstable countries reimpose regulations on outflows of money—conditions that featured in each of the four examples mentioned above. We argue that during periods of economic instability, tightening controls on capital outflows exerts large and clear impacts on many citizens' pocketbooks. Under these conditions, voters are likely to pay attention to this issue, have strong preferences that reflect their economic self-interest, and may even vote on the basis of this issue. By contrast, capital controls typically have little salience when countries are shifting from a closed to an open financial system and when inflow controls are tightened because the personal effects of capital controls are more opaque in these conditions. The literature's fixation on these latter types of cases may help explain why the masses have received little attention in the study of international financial regulation. However, with governments increasingly resorting to controls over capital outflows in response to rising volatility in global financial markets, the standard elite-centric approaches to this issue need to be supplemented with those that pay greater attention to the masses.

To evaluate whether capital controls become a mass political issue under these conditions, we fielded two original surveys in one volatile economy that recently reimposed capital outflow controls: Argentina. Because Argentina also intensified capital inflow controls, this case allows us to directly test our argument that mass attention to and attitudes toward capital inflow and capital outflow controls differ.

We present four main findings from the data. First, individuals are knowledgeable about outflow controls. Second, controls were perceived as being one of the most important issues. Third, economic self-interest is an important factor shaping voters' opinions about capital outflow controls. Fourth, preferences toward capital outflow controls influenced individuals' voting behavior. By contrast, voters had very low levels of knowledge about capital inflow controls, they did not view inflow controls as an important issue, and attitudes toward inflow controls are not correlated with our measures of economic self-interest or with voting behavior. Although our evidence comes primarily from a single country, we also provide some brief qualitative case studies of four other countries—Cyprus, Iceland, Greece, and Venezuela—in which the reimposition of capital outflow controls became a salient issue at the mass level. Taken together, our findings strongly support our argument that mass politics can coalesce around the reimposition of capital outflow controls during periods of volatility.

These findings have a number of important implications. First, our evidence suggests that cross-border financial regulation is not determined solely by elites. The mass public also influences government decisions about cross-border financial regulation, at least in some cases. Furthermore, our research implies that mass publics can become as vocal about capital controls as they are about any other international economic issue. To be sure, capital controls may be far less salient for voters than trade and immigration policies in the typical country–year. However, restrictions on capital outflows have a severe impact on many voters' pocketbooks when a country's financial system is in distress. In these extreme situations, the salience of capital controls has the potential to eclipse that of trade, immigration, and most other policies.

Our evidence also has important implications for our broader understanding of mass political behavior. In contrast to some recent scholarship on International Political Economy (IPE; e.g., Mansfield & Mutz, 2009; Rho & Tomz, 2017) and political behavior (e.g., Achen & Bartels, 2016), our findings suggest that voters are not always oblivious to their interests. When the economic stakes are sufficiently high, voters pay attention to ostensibly "technical" policy issues; they figure out which policies support their interests, and they may cast votes based on their issue positions.

A Mass Political Economy Approach to Capital Controls

Following Culpepper (2011), we define “quiet politics” as situations where voters “evince little sustained interest in and knowledge about” a policy, and as a result “battles [over the issue] . . . take place away from the public spotlight” (p. 4). There are undoubtedly many cases in which capital controls feature quiet politics. However, our central argument is that capital controls can become a highly salient “mass” issue under certain conditions. “Mass politics” issues are defined by four features: average voters (a) pay attention to the policy, (b) view the policy as an important issue, (c) have clear and articulable preferences that reflect their interests and values, and, at the extreme, (d) support candidates whose positions on the issue mirror their own preferences.

These features are likeliest to emerge when economic policies have *large* and *clear* impacts on individuals’ pocketbooks (Baker, 2009; Chong, Citrin, & Conley, 2001; Citrin & Green, 1990; Curtis, Jupille, & Leblang, 2014; Sears & Funk, 1990). We identify two macrolevel factors that affect the magnitude and clarity of capital controls’ microlevel effects. First, economic instability amplifies the impact of capital controls on average citizens. Second, the clarity of the effects of capital controls depends on the precise nature of the policy changes being adopted. Average people are more likely to understand the effects of capital controls when controls are being tightened rather than loosened, and when controls apply to capital outflows instead of inflows.

When Do Capital Controls Become a Mass Political Issue?

Capital controls affect voters’ economic well-being in several ways. First, capital controls affect the cost of credit. In countries where capital is scarce, such as developing and emerging economies, capital account liberalization expands the supply of credit, which reduces the cost of borrowing money for local firms and households (Forbes, 2007). Second, capital account opening enables residents to transfer their savings into safer foreign currencies or better performing economies, and, therefore, earn higher returns and diversify risk (Broner & Ventura, 2016; Forbes, 2007, p. 171). Evidence shows that individuals in many countries shifted their savings into foreign currencies after their governments liberalized the capital account (Levy Yeyati, 2006; Weymouth, 2011). However, unimpeded financial openness also exposes citizens to a higher risk of “surge-and-stop” capital flow cycles that end in severe crises (Ghosh, Ostry, & Qureshi, 2017). In addition to insulating countries from potentially destabilizing capital flows, controls also enhance monetary policy autonomy, which gives policy makers an additional tool to promote domestic economic objectives such as price stability and full employment (Han & Wei, 2018). Due to their impact on important outcomes such as households' access to credit, their ability to save in foreign currency, and macroeconomic volatility, capital controls have the potential to become a salient issue for the mass public.

Both the costs and benefits of capital controls are larger in volatile economies. Countries that experience intense boom–bust capital flow cycles have the most to gain, in an aggregate sense, from regulating cross-border capital flows (Ghosh et al., 2017). But capital controls are also particularly costly to individual voters when economic volatility is high. Households are particularly motivated to take out foreign currency–denominated loans when the local currency and local financial institutions are perceived as unstable (Fidrmuc, Hake, & Stix, 2013). Similarly, residents are most interested in saving in foreign currency when they lack confidence in their government and local currency (Brown & Stix, 2015; Weymouth, 2011). Capital controls have stronger effects on the mass public in volatile economies than in stable economies.

For an international economic policy to become widely salient, voters must also have a clear understanding of how the policy affects them. Although the standard assumption is that capital controls are incomprehensible to average people, there are some important exceptions to this rule. Capital controls have clearer effects when governments shift from openness to closure, rather than the other way around. When controls are extensive and enduring, as was the case in most countries prior to the wave of liberalization that started in the 1980s, most people will have no experience in an open environment. Hence, it will be difficult for them to understand how they will be affected when controls are removed. For example, it is doubtful that voters in closed financial systems accurately anticipated how capital account liberalization would affect their borrowing costs or the degree of macroeconomic volatility (Brooks & Kurtz, 2007, p. 705). After liberalization, however, many citizens began to experience the benefits as they adapted to a newly open context—by, for example, saving and borrowing in foreign currencies. The process of moving from a closed to an open economy increases voters' experience with and information about the effects of capital account policies.[4] Voters should have a clearer understanding of this issue in economies with a recent history of financial openness.

Clarity of the policy's effects also depends on the particular type of capital control policy being considered. It is useful to distinguish between capital outflow controls—defined as restrictions on residents' ability to exit the local financial system—and capital inflow controls, which are limits on the ability of nonresidents to enter the national financial system.[5] Outflow restrictions *directly* restrict what residents are permitted to do with their savings. As a result, the impacts of outflow controls are clear and tangible for many average people. Consider, for example, a resident who regularly purchases foreign currency: It should be easy for her to understand how she is personally affected by a new tax or quantitative limit on foreign currency purchases. By contrast, because inflow controls restrict the ability of nonresident investors to bring capital into the country, their effects on residents' pocketbooks are *indirect* and less noticeable. Although restrictions on nonresident capital inflows influence residents' well-being, the causal chain linking inflow controls to outcomes such as interest rates is long and complicated. Inflow controls reduce the volume of net capital inflows and the total supply of credit, but these effects on individuals are mediated through financial institutions because few people can directly tap into pools of foreign capital. Because capital outflow controls directly affect voters' pocketbooks, whereas the effects of capital inflow controls are indirect, the mass public is likely to have a clearer understanding of the former policy than the latter.

To recap, controls are more likely to be a mass issue when economic conditions are volatile rather than placid, when governments are reregulating cross-border capital flows as opposed to when they are removing controls, and when restrictions target capital outflows rather than inflows. Average citizens are most likely to become an important actor in the politics of capital controls in cases that combine these features.

Observable Implications of the Mass Political Economy Approach

The conventional "quiet politics" view and the "mass politics" approach we apply in this article both accept that capital controls have limited political salience in most circumstances. However, we have argued that the prevailing wisdom overlooks the possibility that capital controls can become electorally consequential in a subset of cases: when economically unstable countries tighten controls over capital outflows.[6] In this section, we dive deeper into this set of cases because the two theoretical approaches have contrasting expectations about the politics of capital controls in these settings. To do so, we describe the types of mass political behaviors that we expect to observe *within* the cases for which mass politics is most likely, and we compare our expectations with those of the alternative "quiet politics" approach.[7]

The “quiet politics” approach begins from the assumption that the impacts of capital controls are experienced at the “less visible and more dispersed macroeconomic level” (Helleiner, 1994, p. 20) and are “felt only in the medium term” (Brooks & Kurtz, 2007, p. 705). By contrast, our starting point is that capital outflow controls have highly visible short-term microeconomic consequences for individuals in economically unstable countries. For instance, savers in volatile economies typically want to transfer some of their wealth into foreign currencies and other safer assets. Outflow controls that prohibit savers from doing so, thus, have large and visible effects on many citizens’ pocketbooks.

Based on these contrasting starting assumptions about the consequences of capital controls, the two approaches differ on voters’ knowledge about capital controls and their perceptions of the issue’s importance. The standard view maintains that capital controls are “arcane and technical regulations about which few citizens have typically heard, let alone care” (Brooks, 2004, p. 406). However, given the large and tangible costs of outflow controls in unstable economies, people may be far more knowledgeable about the issue than the conventional wisdom assumes. The mass politics approach expects many voters are aware of the issue and consider it an important one in these settings. Thus, citizens’ knowledge about capital controls and the perceived importance of the issue are two important areas in which the two theories provide contrasting predictions.

The nature of mass preferences toward capital controls is a third area where the two approaches diverge. Quiet politics assumes that most people have “non-attitudes”: They know so little about capital controls that they do not have any meaningful opinions on the policy at all, and any reported views on the issue are, thus, likely to be erratic and unpredictable (e.g., Yoo, 2018, p. 391).[8] 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 ideology and political values. For example, we would expect left-leaning individuals to be more supportive of capital controls than right-leaning individuals.

The mass political economy approach also expects attitudes about capital controls to vary based on how the policy affects voters’ personal financial well-being. One important source of individuals’ sensitivity to capital controls is the extent to which they are involved in the financial system. Capital outflow restrictions are particularly costly for “financialized” individuals. People with savings or other liquid financial assets benefit from policies that ease their ability to transfer some of these assets outside of the country or into a foreign currency (Frieden, 1991, p. 439; Freeman & Quinn, 2012; Haggard & Maxfield, 1996, p. 38; Tomz, 2012, p. 704).[9]

Capital outflow controls also negatively affect financialized citizens because they make it more difficult and expensive for them to conduct international payments, such as using debit cards when traveling abroad and wiring money to family members who live in a foreign country. Thus, individuals who participate in the financial system should be more opposed to capital outflow controls than those who do not use any formal financial services or own any liquid financial assets.

Capital controls are also materially beneficial for some individuals, and these individuals may support capital controls for self-interested reasons. People who have interests in a strong labor market are one group that is likely to benefit from the imposition of capital outflow controls (Pepinsky, 2009; Pond, 2018).[10] Controls on capital outflows are often effective at stemming the outward flow of capital (Saborowski, Sanya, Weisfeld, & Yepez, 2014). Capital controls also enhance policy makers' ability to cut interest rates to stimulate employment. Due to these effects, outflow controls have successfully reduced the severity of economic crises (Erten & Ocampo, 2017). Capital outflow controls should, therefore, be particularly beneficial for individuals with high degrees of labor-market insecurity, such as unemployed workers. However, the links between capital outflow controls and labor-market outcomes are complicated and indirect. Hence, voters may not be capable of drawing clear connections between capital controls and their personal economic circumstances. As a result, economically insecure individuals are likely to have more ambiguous and less intense preferences over capital outflow controls compared with the more directly affected "financialized" individuals.

A fourth and final implication of the mass politics perspective focuses on the link between capital control attitudes and mass political behavior. Only the most salient issues are likely to influence how people cast their votes in national elections. But given the strong and visible effects of capital outflow controls, individuals might consider this issue at the ballot box. Evidence that individuals who oppose (favor) capital outflow controls are more likely to vote for parties that also oppose (favor) these controls would constitute strong evidence for the mass politics approach.

To summarize, we expect mass politics to emerge when governments reregulate capital outflows during an economic crisis. In these episodes, we expect to find evidence in support of four claims. First, voters display high levels of knowledge about capital outflow controls. Second, voters consider capital controls to be an important issue. Third, individuals' policy preferences reflect their economic self-interest, which is shaped most strongly by their level of participation in the financial system. Finally, voters are expected to favor political candidates who share their positions on this issue.

The Empirical Setting

The remaining sections use original survey data to provide the first systematic analysis of mass public opinion on the issue of capital controls. We focus on the case of Argentina. This is a useful case for testing our hypotheses because Argentina recently intensified capital outflow controls in response to monetary instability—the precise conditions under which our theory expects mass politics to arise. Argentina is, therefore, a "most likely" case to observe mass politics *relative to the complete universe of cases*.

However, other recent cases, such as Cyprus, Greece, and Iceland, featured the reimposition of outflow restrictions that were at least as intense as those implemented in Argentina, and economic crises that were considerably more severe than Argentina's in 2011 to 2015. Moreover, as described in further detail in the section "The Argentine Case in Comparative Perspective" below, cross-national indicators of salience indicate that capital controls were far more salient in these countries than they were in Argentina. This suggests that Argentina is not a "most likely" case for observing mass politicization *within the subset of countries that have intensified outflow controls during economic crises*.

Macroeconomic instability has been severe in Argentina historically as well as in recent years. Following a devastating financial crisis in 2001 to 2002, Argentina experienced a brief period of rising capital inflows and rapid economic growth 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 (2011-2015).[11]

Argentina intensified controls on capital outflows during this period. The most important outflow control 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. These controls were progressively tightened between 2011 and 2015: Limits on dollar purchases went down, "saving" was eliminated as a justification for exchanging pesos for dollars, and taxes on the use of credit and debit cards abroad increased.[12]

The capital outflow controls affected the pocketbooks of Argentine voters in different ways. On the positive side, the restrictions "drastically lowered capital outflows" (A. Gaggero, Gaggero, & Rúa, 2015). However, the outflow controls were costly for the many Argentines who prefer to save in dollars.[13] Survey data from June 2012, months after the controls were implemented, indicate that only 1% of Argentines were able to buy dollars within the past 30 days, whereas 9% of people reported that they wanted to purchase dollars but were unable to do so (see Figure C2 in Online Appendix C). Some Argentines who were unable to buy dollars in the official market evaded the capital controls by purchasing dollars from unofficial sellers in the black market. This strategy was costly, however, because the unofficial "dolar blue" price was double the official exchange rate at times. To estimate how many Argentines bought dollars in the black market, we embedded a list experiment, a survey technique for estimating the prevalence of sensitive behaviors, in one of our surveys (see Online Appendix C for more details on the design and results of the list experiment). We estimate that 10% of Argentine adults purchased foreign currency in the black market during the period in which capital controls were in place. For this group of Argentines who lost their ability to buy dollars at the official price, the capital outflow controls represented a sizable tax on the value of their savings.

The capital outflow controls became a prominent issue in the 2015 presidential election. Capital controls were "one of the issues where the differences are greatest" between the candidates (del Rio, 2015). Daniel Scioli, the candidate for the incumbent Front for Victory (*Frente para la Victoria*), the *Kirchnerista* faction of the Peronist Party, repeatedly stressed the need to retain capital controls (see, for example, La Nación, 2015). 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 (Canton, 2015). Macri won the election after receiving 51% of the vote in the runoff election. Eight days after his inauguration, Macri eliminated the major capital outflow controls that were introduced in 2011.

One feature of the Argentine case that makes it particularly advantageous for our purposes is that the country also implemented and subsequently removed capital inflow controls in recent years. In June 2005, the government intensified capital inflow controls 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. These inflow controls were eliminated in December 2015, as part of the same reform package that eliminated the outflow controls. The Argentine case, therefore, provides an ideal opportunity to compare the salience of these two different types of capital controls.

The Evidence

Description of the Data

This section presents four main pieces of evidence in support of the mass political economy approach: Large numbers of voters know when capital control policies changed, many consider this an important issue, preferences reflect individuals' economic interests (among other factors), and those preferences, in turn, influenced how citizens voted in Argentina's 2015 presidential election. The evidence draws on several original questions about capital controls that we fielded in two separate nationwide surveys.

First, several questions were included in the first wave of the Argentine Panel Election Study (APES), a nationally representative survey of 1,149 Argentine adults that was fielded between June 24, 2015, and August 6, 2015 (Lupu, Gervasoni, Oliveros, & Schiumerini, 2015). We worked with *Isonomía Consultores* to field the second survey, a representative national sample of 4,300 Argentine adults, during the week of June 21 to 26, 2016. More details on the methodology underlying these surveys are provided in Online Appendix B.

Our two main 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. As we show in Online Appendix C, citizens had also received much more information about capital controls from the media and other sources by the time of the second survey. Argentines also experienced the effects of the policy (re)liberalization by the time of the second survey. The fact that we observe similar patterns across both surveys suggests that our findings do not hinge on the particular policy or information environment.

Knowledge About Capital Controls

The first empirical question that we examine is whether Argentines pay attention to capital controls. To address this question, we asked factual questions about the timing of shifts in capital controls and in other policy areas. 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 & Kurtz, 2007, p. 708).

Our second survey included four factual questions about capital controls. These questions ask when the inflow and outflow controls were introduced and removed, respectively. For purposes of comparison, we also

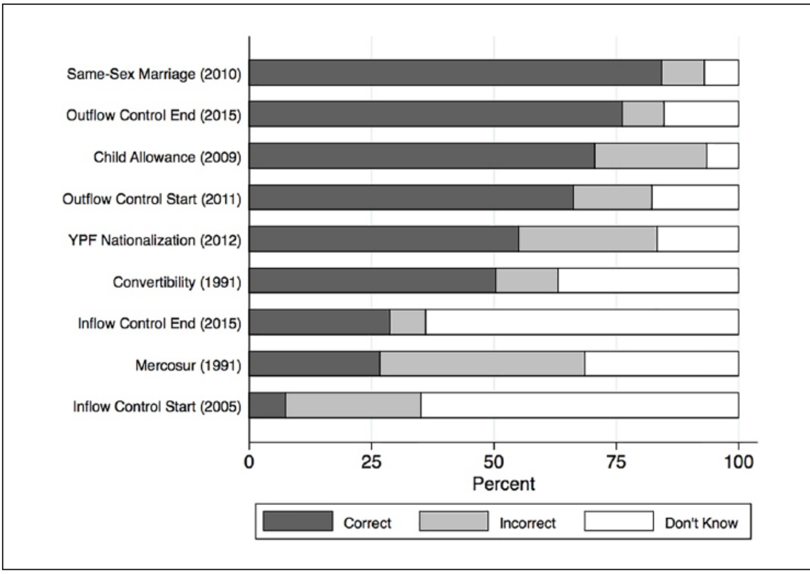

Figure 1. Political knowledge.

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 [FDI]). 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.[14] All nine fact-based questions asked which President was responsible for the policy change.[15]

The evidence in Figure 1 shows that knowledge about capital outflow controls is high in both absolute and relative senses. More than three quarters of respondents correctly identified Macri as the president who 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 capital outflows exceeded knowledge about Argentina's most prominent recent policy in the area of FDI: the renationalization of the oil company *Yacimientos Petrolíferos Fiscales* (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.

However, knowledge about capital inflow controls is very poor. Barely one quarter of respondents were aware that Macri liberalized capital inflows. Less than 10% knew that Nestor Kirchner introduced the inflow control measures. The fact that most respondents did not know when capital inflow controls were introduced or removed is consistent with both our argument and the conventional wisdom that this policy lacks public salience. In sum, Argentines are knowledgeable about shifts in capital outflow controls, but have very limited knowledge about government regulation of capital inflows.

The Perceived Importance of Capital Controls

Even if people are aware of changes in capital controls, one might wonder how the issue ranks in importance to Argentine voters. To shed light on this question, we leverage two open-ended questions from the July 2016 *Isonomía* survey that asked individuals about the best and worst things that the government of Mauricio Macri has done. The frequency of mentions of capital controls provides a useful proxy for the perceived importance of this issue relative to others. Because respondents were only asked about the single best or worst policy, this measure greatly understates the share of voters who perceive capital controls as an important issue.

Figure 2 ranks the most common responses to the question about the Macri government's best action for this survey. The figure also presents data we acquired from *Poliarquía Consultores* that asked a nearly identical open-ended question in December 2016. In the *Isonomía* survey, 6% of all respondents reported that the liberalization of the *cepo cambiario* was Macri's best policy. An even higher number (10%) provided this response in the *Poliarquía* survey. If one excludes people who did not answer the question or answered either "everything" or "nothing," 9.5% and 15.8% of the remaining respondents referred to capital controls in the two surveys, respectively. These numbers are not only high in an absolute sense but also relative to other questions. Capital account liberalization is the third most common response in the *Isonomía* survey and the single most frequent response in the *Poliarquía* survey.

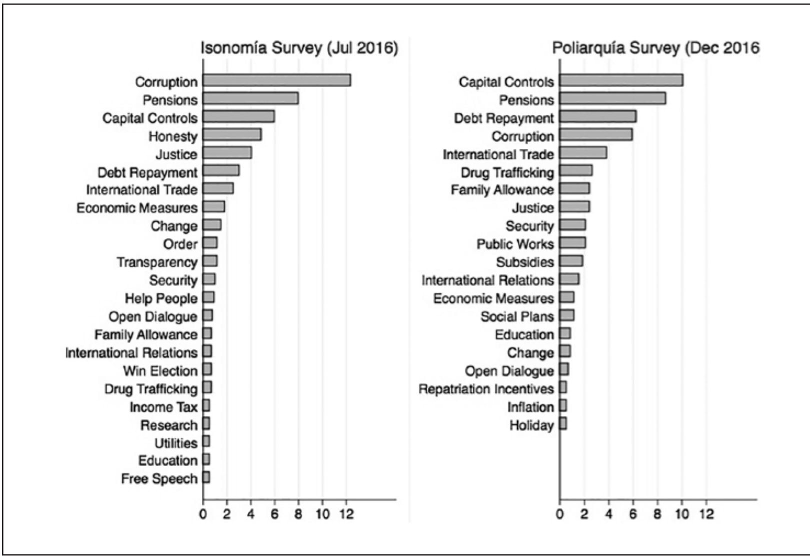

Figure 2. Public perceptions about the government's best policy.
Bars indicate percent of all respondents who referred to each issue as the best thing that the new government has done.

Figure 3 examines public perceptions of Macri's worst policy. Both surveys indicate that inflation is regarded as Macri's worst area of performance. Very few other concrete policy decisions receive large numbers of mentions. In both surveys, less than 1% of respondents referred to capital account liberalization as Macri's worst decision. The data presented in this section show that many individuals believe that the liberalization of capital outflows is an important issue, and advocates of liberalization greatly outnumber opponents within this group.

The Determinants of Support for Capital Outflow Controls

Next, we examine what shapes individuals' support for capital controls. To measure the dependent variable, each survey included a question that asked respondents about their opinions toward Argentina's most prominent capital outflow control measures. Both questions are 5-point Likert-type scales, where the response categories ranged from *strongly disagree* to *strongly agree*. We recoded the variables, so that higher values indicate greater opposition to capital controls and stronger support for financial openness.

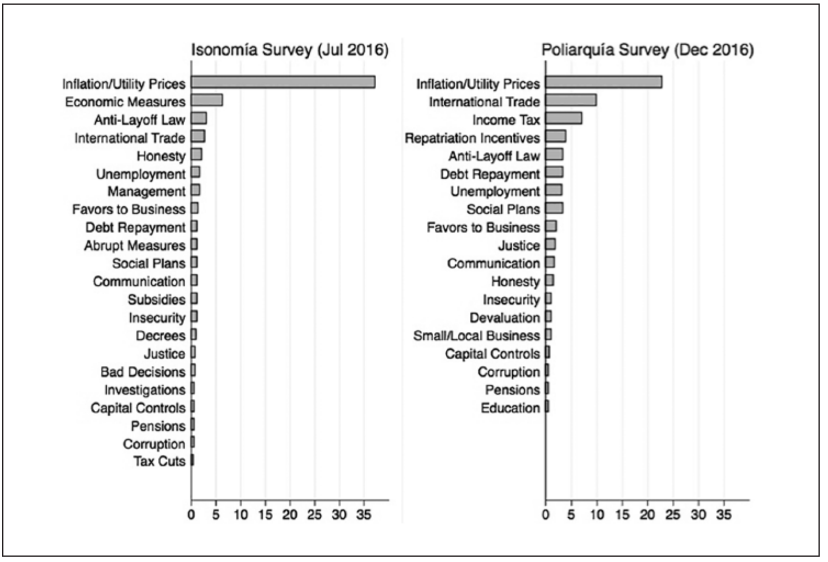

Figure 3. Public perceptions about the government's worst policy.
Bars indicate percent of all respondents who referred to each issue as the worst thing that the new government has done.

Online Appendix B provides the full question wording as well as descriptive statistics.

Our main explanatory variable of interest is an individual's level of participation in the financial system. 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, Klapper, Singer, & Van Oudheusden, 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.[16] 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 who 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.[17]

This variable summarizes the degree to which individuals have a financial interest in an open capital account.

The baseline models also include a measure of individuals' employment status. This variable is coded as unity for individuals who lack employment, and is set equal to zero for all other employment categories (which includes students, retirees, and people with jobs). As explained earlier, the jobless are likely to benefit from capital outflow controls. If unemployed individuals are more supportive of capital controls, this variable should be negatively correlated with our outcome variables.

We are also interested in examining the role of "symbolic" variables, particularly ideology and partisan identity, because evidence that these variables affect 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 0 for *left ideology* to 10 for *right ideology*. A respondent's party identification is measured nominally based on whether he or she identifies with (a) the Peronist Party; (b) the Front for Victory; (c) one of the two main parties in the Let's Change coalition, the Republican Proposal (PRO) or Radical Party; or (d) other, smaller parties or does 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 party identity and right-wing ideology. Our main specification also includes a measure of respondents' position on the income distribution, which is based on a 10-point scale of self-reported class position,[18] an ordinal measure of educational attainment, and a variable capturing gender identity.

All models include province-level fixed effects to control for omitted region-specific factors that may influence public opinion. We estimate ordered logit models because our dependent variables are ordinal scales.[19] Table D1 in Online Appendix D presents the output from these regression models. Figure 4 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 panel is based on data from the 2015 survey, whereas the right-hand panel is based on the 2016 survey.

Our main variable of interest, financial participation, is correctly signed and statistically significant in both surveys. Other things being equal, individuals with greater involvement in the financial system display higher levels of opposition to capital outflow controls. In the 2015 survey, we estimate that a one-unit increase in financial participation increases the probability of strongly supporting openness for capital outflows by 3 percentage points for

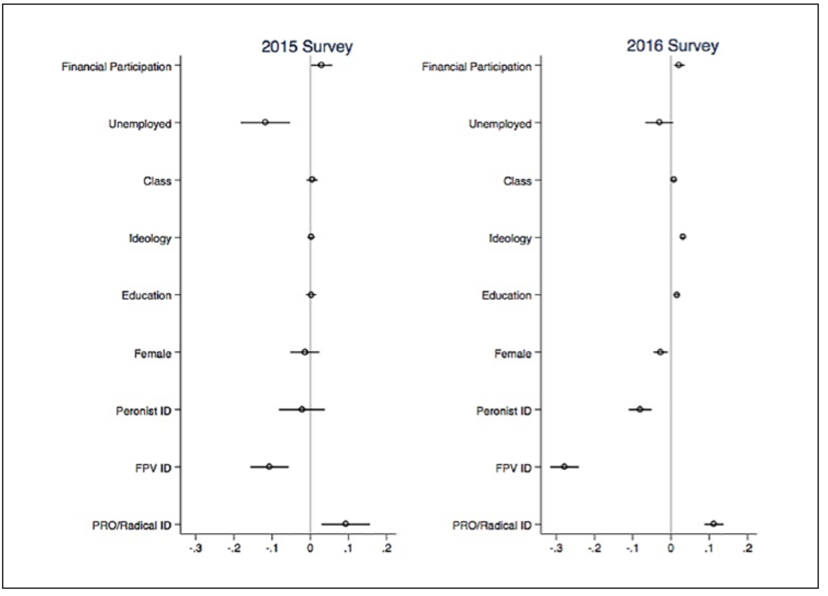

Figure 4. Marginal effects on support for capital outflow controls.
Circles denote estimated change in predicted probability of strongly supporting an open capital account for outflows for each one-unit change in covariates. Lines indicate 95% confidence intervals. FPV = Front for Victory; PRO = Republican Proposal.

the average observation in the sample. We obtain a similar but slightly smaller point estimate of 2.2 percentage points in the 2016 survey.

Party identity is the only other factor that is statistically significant in both surveys. Individuals who identify with the PRO or Radical Party are more opposed to capital controls, whereas FPV identifiers are more supportive of capital controls. Party identification also has the largest effect in substantive terms, and that effect is larger in the second survey, presumably because voters learned more about parties' positions on this issue over time. Unemployment is associated with stronger support for restrictions on converting pesos into dollars in both surveys, though this effect falls short of statistical significance in the second survey. This finding indicates that individuals' interests in labor-market outcomes can influence support for capital controls, though its impact does not appear as robust as some other factors. Class, ideology, education, and gender are not statistically significant in the first survey, but all are significant in the second survey. In the 2016 survey, men, people with higher incomes and more years of education, and right-leaning individuals are more likely to favor liberalization. Altogether, the results indicate that both economic interests and personal values shape individuals' attitudes toward capital outflow controls.

Although the evidence supports our hypothesis that individuals' financial-market interests influence attitudes toward capital outflow controls, it is difficult to fully rule out the possibility that these findings are spurious. Although the inclusion of various control variables in our models aimed to minimize the risk of confounding, it is possible that there are some additional variables that influence capital control attitudes and are correlated with our measures of financial participation. Here, we consider three additional sets of variables that may be relevant in this context. First, it is possible that financialization is capturing individuals' broader opinions about state intervention in the economy or their general level of nationalism, and it is really these ideas that are driving attitudes about capital controls. Second, financial participation may be more extensive in certain sectors of the economy, such as the formal sector and/or internationally oriented sectors of the economy, and individuals' sector of employment may be an important omitted variable. A third possibility is that financial participation is picking up the effects of political sophistication and knowledge because more financialized individuals may be more knowledgeable on average, and more knowledgeable citizens may be more opposed to capital controls. To address these concerns, Tables D3 and D4 in Online Appendix D report specifications with controls for each of these variables. The inclusion of these variables has little impact on our main variable of interest.[20]

We also conduct a series of placebo tests to help evaluate the credibility of our main finding. To do so, in place of our actual outcome of interest, we use a variety of attitudinal variables that should not, in theory, be affected by financial participation. The first placebo outcome is a measure of opinions toward capital inflow controls. This is an ideal placebo outcome because it is closely related to capital outflow controls, but we have argued that inflow controls have less clear effects on voters' pocketbooks, and showed above that voters pay little attention to inflow controls. We also use opinion questions about four other *Kirchnerista* policies as placebo outcomes: conditional cash transfers, price regulations, import controls, and debt default. Online Appendix E shows that financial participation has small and statistically insignificant effects on opinions toward these five other policy issues.

As an additional validity test, we examine the relationship between financial participation and knowledge about various policy issues, using the fact-based questions analyzed earlier. We find that individuals with high levels of financial participation are substantially more likely to correctly answer the factual questions about capital outflow controls than other individuals, but they are not more knowledgeable about any of the other policy issues (see

Table E2 and Figure E2 in Online Appendix E). Perhaps most important, financial participation does not influence knowledge about capital inflow controls, providing further evidence that the two types of capital controls are characterized by different political dynamics. The absence of a strong relationship between financial participation and these various placebo outcomes increases our confidence in the validity of our main results.

One potential limitation of our analyses is that our main explanatory variable, financial participation, captures the incentive to buy dollars, but does not directly measure activity in the foreign exchange market. To address this question, we utilize a survey fielded in Argentina in June 2012 by *Poliarquía Consultores*, which included a question about whether individuals bought dollars or attempted to buy dollars in the past 30 days.[21] Consistent with the findings from our two surveys, Online Appendix F shows that people who recently purchased or wanted to purchase dollars were both more familiar with the outflow controls and more opposed to these regulations.

Another common concern with survey-based measures of policy preferences is the "non-attitudes" problem, in which responses merely capture off-the-cuff reactions rather than meaningful opinions (Converse, 1964). To help determine whether financialized people are sincerely more opposed to capital controls, we use responses to the open-ended question about the best and worst thing the Macri government did during its first months in office as our dependent variable. The results, provided in Online Appendix E, Table E3, show that financialized individuals are more likely to view capital account liberalization as the government's best action. In summary, participation in the financial system is associated with stronger support for the liberalization of capital outflow controls across multiple surveys, multiple model specifications, and various measures of attitudes.

The Relationship Between Support for Capital Controls and Voting Behavior

Finally, we examine whether attitudes toward 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 toward capital outflow controls: Daniel Scioli of the incumbent FPV party campaigned on maintaining these controls, whereas 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 who 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 included 15 candidates from 11 parties. The candidate with the most votes from each party would go on to represent his or her 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. No candidate achieved outright victory in the general election, which forced a runoff election on November 22 between the two top candidates, Macri and Scioli.

Our outcome of interest here is coded as 1 if an individual voted for Daniel Scioli, the incumbent party's candidate and the candidate who expressed the strongest support for capital controls, and coded 0 otherwise.[22] 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 the election using panel data. Those models combine data on attitudes toward 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.

For our baseline results, we use a logit model.[23] In addition to the measure of preferences over 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 toward capital inflow controls and whether an individual voted for Kirchner in the previous presidential election.

Figure 5 presents the average marginal effects of each variable based on this model specification, and Table G1 in Online Appendix G contains the full regression output. As shown in the upper left corner of Figure 5, 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 toward capital outflow controls are nowhere near as important as party identification or previous vote choices, but its effect is sizable. By contrast, attitudes toward capital inflow controls had no bearing on support for Scioli.

The upper right and lower left panels of Figure 5 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

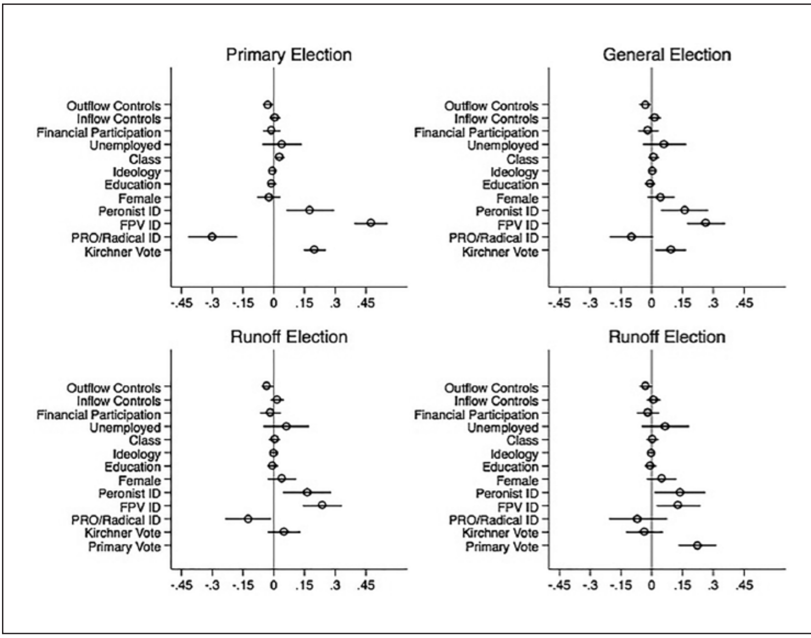

Figure 5. Marginal effects on presidential vote.
Circles denote estimated change in predicted probability of voting for the incumbent party in response to a one-unit change in each covariate. Lines indicate 95% confidence intervals.

have smaller effects compared with the first model. However, our measure of opinion toward 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.

Although our results are suggestive that attitudes toward capital controls influenced voting, it is important to address some alternative explanations for this finding. First, and most important, reverse causality is a potential problem. Perhaps it is not that individuals' position on this issue drove their vote choice but rather that people revised their attitudes on this issue to match the position of their preferred party. To help rule out this alternative, we follow Lenz's (2009) cross-lagged approach, which adds a lagged dependent variable—in this case, voting in the primary election—to the model of voting in the final stage of the election. This specification examines whether those who initially intended to vote for (against) Scioli were more likely to switch their vote away from (toward) Scioli if they initially opposed capital controls. This design is suitable for our purposes because the capital control issue grew in salience between the primary election and the general election (as shown in Figure C1 in Online Appendix C). The lower right quadrant of Figure 5 shows that attitudes toward 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.

A second possibility is that individuals do not vote on the basis of this specific policy but based on their overall attitudes about statist economic policies. Third, and relatedly, some might be concerned that attitudes about capital controls may be capturing individuals' more general perceptions of the state of the national economy or about their own economic well-being. To address these potential threats to inference, we added a measure of individuals' attitudes about state intervention in the economy and standard "retrospective" indicators of perceptions of the national economy and of individuals' personal economic situation. The main explanatory variable of interest remains a statistically significant predictor of vote choice in all cases (see Online Appendix G, Tables G2 and G3). Although it is impossible to fully rule out all threats to inference, the findings presented in this section support our argument that opinions about capital controls can influence how individuals vote in elections.

The Argentine Case in Comparative Perspective

The previous section provided survey-based evidence that capital controls are a mass political issue in Argentina. In this section, we examine whether Argentina is a singular case or whether capital controls become a salient public issue in other countries that have tightened capital outflow controls during periods of economic instability. Evidence from cross-country data on issue salience and four brief case studies suggests that the high salience of capital controls is not a uniquely Argentine phenomenon. On the contrary, the Argentine experience seems typical among economically volatile countries that have reimposed capital outflow controls.

To help assess whether capital controls are unusually salient in Argentina, we compiled data on two cross-country measures of the salience of capital controls. Our first indicator is the number of Google searches on the topic of capital controls relative to the total number of Google searches in each country. Web-search data are an increasingly common way to measure the public's attentiveness to particular issues (Ripberger, 2011). The second measure captures the share of *Wall Street Journal* articles about each country that mention "capital controls." Media attention is another widely used measure of an issue's salience (e.g., Culpepper, 2011). This specific measure is useful because greater attention to capital controls in the international financial press indicates that this policy instrument has been more consequential for a country's economy. Online Appendix H provides further details on the construction of these variables and displays each country's score on these two variables for the decade of 2008 to 2017.

For our purposes, the most important finding is that capital controls do not appear to be exceptionally salient in Argentina, at least by these metrics. Argentina ranks low in Google search data, with a search volume of less than 1% the search volume in the top-ranking country (Greece). Argentina's score is considerably higher on the variable focused on media attention: It ranks eighth out of 175 countries, which is high but not a major outlying value (see Figure H1 in Online Appendix H).

Another notable finding is that Cyprus, Greece, and Iceland are the top three ranked countries in the world by both metrics, and their scores on both variables are far above those of any other countries. Consistent with the argument presented earlier, much like Argentina, all three countries reimposed capital outflow controls in the midst of severe financial crises. Moreover, Online Appendix H presents some simple cross-national regression models showing that the interaction between a large economic contraction and a large increase in capital outflow controls is a strong and statistically significant predictor of the salience of capital controls. These rough proxies of salience do not, on their own, establish that capital controls were a mass political issue in these additional countries. However, qualitative evidence does indicate that capital controls were a mass political issue in these three countries.

Iceland intensified controls over capital outflows in response to a severe banking and currency crisis in October 2008. These controls had strong effects on the pocketbooks of the many Icelanders who wanted to shift their savings out of the depreciating local currency into a more stable foreign currency. To avoid these restrictions on foreign currency purchases, some residents bought cheap airline tickets that they had no intention of using because proof of international travel enabled them to buy foreign currency (Sigurgeirsdóttir & Wade, 2015, p. 116). However, many Icelanders believed that capital controls were an essential instrument for maintaining the country's financial stability, 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" in 2013 (Sigurgeirsdóttir & Wade, 2015, p. 124). Ironically, capital controls also contributed to the resignation of that Prime Minister, Sigmundur Davíõ Gunnlaugsonn. In 2016, the Panama Papers revealed that Gunnlaugsonn kept substantial amounts of money offshore. Although he did not break the law, voters were furious over the perceived "hypocrisy" of a politician who "rose to power . . . stressing how important it was to keep Icelandic assets in Iceland," and whose policies prohibited ordinary Icelanders from taking their money out of the country (Henley, 2016).

Capital controls also became a mass political issue in Cyprus. In March 2013, a banking crisis led the government to put in place tight capital controls that capped the amount that residents could withdraw from banks and limited the amount of funds that could be taken out of the country. The outflow restrictions generated a "public wave of anger" (Pasick, 2013). Cypriots complained about the inability to send money to family members and children studying abroad and about the overall "inconvenience" of the regulations (Hope & Hadjipapas, 2013). According to Cyprus's central bank governor at the time, "days after the capital controls were imposed, the government came under pressure to lift them" (Demetriades, 2017, p. 137). A survey conducted by the country's central bank reveals that the average resident would have moved a larger share of his or her wealth outside of Cyprus if the capital controls were not in place (Brown, Evangelou, & Stix, 2018).

Despite experiencing a painful economic contraction between 2009 and 2014, Greece did not impose capital controls in this period. According to Eleni Louri-Dendrinou, the deputy governor at Greece's central bank at the time, capital controls were not used because policy makers "thought people would shoot each other if we had to impose capital controls."[24] In June 2015, in the midst of a bank run, the authorities reintroduced capital outflow controls. The controls had a major impact on many Greek households. For example, the Bank of Greece (2017) estimates that nearly one in three Greeks transferred fewer funds abroad due to the controls. Greece's capital controls were also politically consequential. Walter, Dinas, Jurado, and Konstantinidas (2018) find that the implementation of capital controls influenced how Greeks voted in a referendum on the terms of an international bailout package. Former Greek Finance Minister, Yanis Varoufakis (2017), was repeatedly warned about the serious political costs paid by governments that imposed controls (p. 255): Jeffrey Sachs said he "had never seen a surer way of committing political suicide," and Willem Buiter of Citibank warned that outflow controls would deplete the government's "political capital."

Capital controls have also become a mass political issue outside the countries with the highest scores on these measures of public salience. Venezuela is one example. It ranks very low on the web-search measure and 14th in the newspaper-based measure, but capital controls have still been an important issue for many ordinary Venezuelans. The country was financially open until Hugo Chávez reimposed controls over capital outflows during a bout of capital flight in 2003. Those controls have remained in place ever since—including during the past 5 years, which have been defined by a sharp economic contraction and a bout of hyperinflation. Due to hyperinflation, many Venezuelans were desperate to acquire dollars, but capital controls made it impossible for most citizens to buy dollars legally. Many Venezuelans evaded the controls by buying dollars in the black market. Doing so was very costly, however: Dollars cost as much as 60 times more in the black market than in the official market. It is unclear how many Venezuelans evaded the capital controls, but each day, an estimated one million people visit dolartoday.com, a website that published the price of dollars in the black market; this is remarkable, considering that Venezuela has a population of just 30 million (Cawthorne, 2015). This also became a prominent issue in Venezuela's 2018 presidential election campaign: The two main opposition candidates on the ballot campaigned on eliminating the capital controls (Nunes & Goodman, 2018; Vyas & Kurmanaev, 2018). The cases of Iceland, Cyprus, Greece, and Venezuela provide additional evidence that the reimposition of controls on capital outflows in crisis situations generates strong responses from the mass public.

Conclusion

Few Argentines knew that their government intensified restrictions on capital inflows in 2005, and subsequently removed them in 2015. Our evidence demonstrates that the vast majority of citizens were unaware of when these changes took place, personal interests did not influence mass support for capital inflow controls, and individuals' positions on the inflow controls had no bearing on their vote choices. These findings support the dominant perspective that capital controls are a low-salience issue.

The mass political reaction to the reimposition of capital outflow controls in Argentina could hardly have been more different. A substantial majority of the population knew when these regulations were introduced and removed, and a sizable minority considered the removal of capital controls to be the Macri government's single most important policy change. We also found that individuals' material self-interest influenced whether they favored or opposed restrictions on capital outflows, and positions on this issue influenced whether individuals voted for the party that implemented these controls. Widespread opposition to the capital outflow controls increased support for a presidential candidate who campaigned on removing the controls—a promise that he fulfilled during his first week in office. Thus, in Argentina at least, the masses have influenced the intensity of international financial-market regulations. Illustrative evidence from Cyprus, Greece, Iceland, and Venezuela suggests that capital controls have also been a salient issue in other countries that have reimposed controls on capital outflows during periods of monetary instability. Although this article has documented the existence of mass politics in this policy arena, future research is needed to better understand how frequently capital controls become a salient issue.

Although capital controls are a “quiet” affair in most countries in most periods, our evidence suggests that ordinary citizens are important actors in the politics of international financial regulation in at least some circumstances. Theories that ignore the role of the mass public are unlikely to be able to fully explain decisions about capital controls in countries that use or consider using outflow controls to shield their economies from capital flight. For instance, it is difficult to make sense of Argentina’s decision to liberalize capital controls in 2015 or Iceland’s decision to retain them after the 2013 election if we ignore the role of mass politics. Financial instability is unlikely to go away any time soon, and mass politics is likely to influence countries’ regulatory responses to these bouts of instability.

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 & Mutz, 2009) and immigration (Hainmueller & Hiscox, 2007; Hainmueller & Hopkins, 2015). 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 & Tuxhorn, 2017; Rho & 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 toward economic policy than many recent studies suggest.

Finally, our study contributes new evidence to debates about electoral accountability. As Achen and Bartels (2016) 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’” (p. 14). Although this characterization is 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.

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Notes

1. Online Appendix A provides evidence that capital controls have intensified in this period.
2. Pepinsky (2009) and Pond (2018) are noteworthy exceptions. These works find that the power of certain societal actors, such as labor, influence capital account policy. However, they do not directly test these expectations using individual-level survey data or examine whether capital controls are publicly salient.
3. A few previous studies, however, have examined public attitudes toward foreign *direct* investment (FDI; e.g., Pandya, 2010) and some recent work explores the impact of FDI flows on elections (Owen, 2019). However, FDI and financial flows have substantially different effects on a range of outcomes (including the quantity and price of credit; Blanchard, Ostry, Ghosh, & Chamon, 2017). As a result, the two issues are likely to feature distinct political dynamics, and

findings about FDI restrictions may not apply to restrictions on cross-border financial flows (and vice versa).

4. The logic here is similar to Fernandez and Rodrik's (1991) model, in which individuals are uncertain about whether they will personally benefit from reforms ex ante but know whether they are gainers or losers ex post.
5. Capital controls also differ along other dimensions that may influence their salience. For instance, mass interest is likely to be stronger for controls on financial assets that many citizens demand, such as hard currency, compared with regulations on acquiring equities and bonds. However, the cases we focus on here—involving large-scale reregulation during periods of significant economic volatility—typically include restrictions on commonly used financial instruments such as foreign currency purchases because narrowly applied controls are unlikely to successfully curtail large-scale outflows.
6. Countries tend to tighten capital outflow controls and loosen inflow controls during periods of net capital outflows and currency depreciation (Aizenman & Pasricha, 2013).
7. An alternative approach to testing our argument would be to examine whether salience varies *across* cases in the manner we expect. Although section "The Argentine Case in Comparative Perspective" and Online Appendix H provide some suggestive evidence that fits with this aspect of our argument, we view cross-country data as less useful for evaluating our argument than individual-level within-country data. Measuring and modeling issue salience across a large sample of countries faces serious inferential challenges. Individual-level data are more useful for testing whether citizens notice, care about, and express strong opinions about capital controls.
8. More generally, Curtis, Jupille, and Leblang (2014) posit that, for most International Political Economy (IPE) issues, "'[n]onattitudes' prevail: the modal citizen appears to lack meaningful opinions" (p. 725).
9. Savers' interests toward capital inflow controls are less clear-cut. Capital inflow liberalization may push down interest rates and, thus, lower savers' returns (Frieden, 1991). However, inflow liberalization may increase the value of other assets such as equities, which would benefit owners of these financial assets (Gallagher, 2015).
10. These same individuals, however, stand to benefit from openness on the inflow side because capital inflows can increase employment (Pond, 2018).
11. Much of this capital flight involved the holding of dollars inside Argentina but outside of the official financial system, primarily in safety deposit boxes or under the proverbial mattress (J. Gaggero, Rúa, & Gaggero, 2014, pp. 11-13). This is often referred to as "internal capital flight" (Antinolfi, Landeo, & Nikitin, 2007, p. 629).
12. For an overview of these measures, see Cronista Comercial (2016).
13. One survey conducted several months before the introduction of the outflow restrictions found that 47% of Argentines prefer to keep their savings in foreign currency rather than in domestic currency (see Figure C2 in Online Appendix C).

14. This law established full currency convertibility and a fixed peso-dollar exchange rate.
15. The ordering of these questions was randomized to minimize question-order effects.
16. In support of this claim, Table C1 in Online Appendix C shows that financialized individuals were more likely to purchase dollars on the black market.
17. Table D5 in Online Appendix D shows that results are similar when we include additional types of financial activity in our measure, such as whether an individual has an outstanding loan and/or owns stocks or bonds.
18. We do not use a more direct measure of income due to problems of measurement reliability and low response rates in this context. Because of these concerns, most Argentine survey companies do not include direct questions about income. Using an alternative measure of wealth based on asset ownership does not meaningfully change our main findings (see Online Appendices D and G, Tables D3 and G4).
19. The results are substantively similar when we use OLS (Online Appendix D, Table D2).
20. Online Appendix D, Table D6, examines whether political knowledge moderates the effect of the other variables in the model. Consistent with Baker (2009), we find some evidence that knowledgeable voters are more likely to hold preferences that reflect their ideology and partisan identity than less-knowledgeable voters. However, better-informed voters are not significantly more likely to express attitudes consistent with their self-interest than less-knowledgeable ones (a finding that echoes Curtis et al., 2014).
21. Although the *Poliarquía* data serve as a useful additional test with an alternative measure of financial participation, we do not rely on this data set for our main analyses because of concerns about the subjective nature of the question about desired dollar purchases and the ambiguity regarding whether dollar purchases were made in the official or parallel market.
22. Sergio Massa, who placed third in the primary and general elections, adopted a similar position toward capital controls as Macri. Massa promised to eliminate the controls within his first 100 days in office (Canton, 2015).
23. 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 (Table G5 in Online Appendix G).
24. Remarks by Eleni Louri-Dendrinou at American University, Washington, DC, October 14, 2015.

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