

## CONTENTS

### *Preface* ix

1	The Puzzling Resilience of Neoliberalism	1
2	Explaining the Resilience of Neoliberalism	25
3	Neoliberal Policies and Supporting Actors	51
4	Neoliberal Resilience and the Crafting of Social Blocs	82
5	Creating Support: Privatization and Business Power	135
6	Blocking Opposition: Political Representation and Limited Democracy	176
7	Locking-in Neoliberalism: Independent Central Banks and Fiscal Spending Rules	216
8	Lessons: Neoliberal Resilience and the Future of Democracy	249

### *List of Interviews* 269

### *Bibliography* 273

### *Index* 315

# 1

## The Puzzling Resilience of Neoliberalism

As you will understand, it is possible for a dictator to govern in a liberal way. And it is also possible for a democracy to govern with a total lack of liberalism. Personally, I prefer a liberal dictator to a democratic government lacking in liberalism.

—F.A. HAYEK TO A REPORTER QUOTED IN FARRANT,  
MCPHAIL, AND BERGER 2012, 521

DURING THE LATE AFTERNOON of September 7, 1986, a militarized cell from the Chilean Communist Party tried to kill General Augusto Pinochet. Pinochet was known worldwide for having participated in the bloody putsch against the democratically elected president Salvador Allende in 1973, and as the leader of the repressive military dictatorship that ensued and that backed the first large-scale experiment in neoliberal policymaking in the world. On that September afternoon, the Communist cell attacked Pinochet's convoy with heavy artillery as he was returning from his country house near Santiago. Five agents of Pinochet's guard were killed and another eleven severely wounded. Pinochet escaped almost unscathed.

Although this was without doubt his most remarkable escape, it was far from the only challenge Pinochet survived. Years before the assassination attempt, in the mid-1970s Pinochet explicitly broke the pact of succession in what was then a military *junta*, successfully maneuvering to oust the other members of the junta and instituting a series of regulations that made him the

dictatorship's strongman. It was a true "coup inside the coup" (Valdivia 2003). Not only this: he devised a constitutional formula for government succession that secured his long-term oversight of Chilean politics even in the event of a return to democracy.

Two years after the assassination attempt, in October 1988, a united political opposition—with the help of international pressure—defeated Pinochet in a referendum, forcing a return to democratic rule after seventeen years of dictatorship. However, even as the new authorities took office, Pinochet managed to remain commander-in-chief of the army for another ten years, controlling the process of democratization through the constant menaces of a military takeover. Ten years later, in September 1998, Pinochet was captured in London and faced extradition to Spain, where he was charged with the murder of Spanish citizens during his dictatorship. After two years of legal procedures, the British authorities released Pinochet, alleging that the former strongman—now 84 and with visible signs of physical and mental deterioration—could not stand a trial. But when Pinochet returned to Santiago, he stood up from his wheelchair, greeted his fanatic followers with his walking stick, and walked out of the airport, to the astonishment of the local and international press. He lived comfortably in his mansion in Santiago until he died seven years later.

The association between a political system based on permanent repression and a public philosophy premised on the idea of individual liberty has puzzled scholars ever since the Chilean experience under Pinochet. Some of the most ardent supporters of neoliberalism have felt compelled to excuse, on theoretical grounds, such an embarrassing historical coincidence. After advising the Chilean military junta in 1975, Milton Friedman argued that economic liberalization was a precondition for political liberalization, and that political freedom was in turn necessary for the long-term maintenance of economic freedom, therefore highlighting the temporary nature of Pinochet's rule (Friedman 1982). Others, however, have felt that the two are much more intertwined than commonly thought. Thus, for Friedrich Hayek a limited dictatorship was a better safeguard for individual liberty than an unlimited democracy (Farrant, Mcphail, and Berger 2012). In this book I argue that the connection between neoliberal economics and less-than-liberal political regimes is not only a philosophical digression but is in fact rooted in history. Pinochet's story conveys, if somewhat cruelly, the idea that neoliberalism's durability is not just about good or bad economic policymaking: the countries

where neoliberalism has survived the longest are those that designed their democratic institutions in such a way as to constrain the possibility of switching to other policies. In this sense, the Chilean neoliberal trajectory was not a peculiarity, but part of a political project with diverse historical experiences supporting the idea that protecting free markets—and its beneficiaries—required encroaching on democracy.

This book joins several recent works that show the connection between constrained democracies and the neoliberal political project (Slobodian 2018; Maclean 2017). We know now that since its beginnings, the neoliberal thought collective found democracy—a political system giving voice to the masses and incentivizing the competition for their vote—to be the main threat to its political project. Not only this: as Slobodian convincingly argues, neoliberalism “developed precisely as a response to the growth of mass democracy” (2018, 34). Unlike these works, this book is not an exercise in the history of neoliberal thinking about democracy; rather, it studies the politics behind neoliberalism’s continuity over time—its *resilience*—as a process intimately connected with the gradual erosion of democracy. It tracks neoliberal resilience and democratic erosion in four Latin American and Eastern European countries with diverse trajectories: Argentina, Chile, Estonia, and Poland. I argue that neoliberalism remained resilient where it was able to reduce the representative component of democracy, maintaining free and competitive elections but bending the policy outcomes of those elections to the maintenance of neoliberalism. Neoliberalism survived in its purest form in those countries where it was *protected from democracy*.<sup>1</sup>

*Resilience*, a concept commonly associated with engineering science, psychology, and community studies, denotes the capacity of an object, person, or group to withstand external perturbations (Madariaga 2017, n. 1; Schmidt and Thatcher 2013, 13–16). The typical response of a resilient body is to alter some of its properties in order to accommodate the external perturbation without changing its core composition and nature. In the case of neoliberalism, the concept of resilience has been used to describe neoliberalism’s “continuity . . . over time, its dominance over competitors, and its survival against powerful

1. A review of *The Calculus of Consent*, one of the key books of James Buchanan, the founder of the Virginia school of neoliberalism, in the journal of the Cato Institute praised it precisely for offering guidance on “protecting capitalism from democracy” (MacLean 2017, 81). We will come back at the key role of Buchanan’s thinking in this story of neoliberal resilience in chapter 2.

challenges and rivals” (Schmidt and Thatcher 2013, xvii).<sup>2</sup> Books about the resilience of neoliberalism (particularly those published after the 2007–2008 crisis) tend to focus on overarching trends; I instead establish the limits of neoliberalism’s resilience through a clear operationalization of its policy goals and concrete policy alternatives (see Crouch 2011; Duménil and Lévy 2011; Grauwe 2017; Kotz 2015; Mirowski 2013). I identify which countries maintained their neoliberal trajectories over time, when they departed from neoliberalism’s core dictates, and whether those departures were enduring or not. In addition, unlike the focus of most works on advanced capitalist economies, I argue that to analyze the resilience of neoliberalism it is important to look outside the capitalist core, particularly at the history of over three decades of neoliberalism in Latin America and Eastern Europe. As will become clear, the specific conditions under which neoliberalism was adopted in these regions facilitated the connection between resilient neoliberalism and constrained democracy.

I demonstrate that connection in three ways. First, I study the actors and coalitions that supported the establishment of neoliberalism and defended its continuity over time, using a mixed quantitative and qualitative strategy (chapters 3 and 4). Second, I investigate the mechanisms that eroded democracy and allowed these actors to maintain their grip on public policy changes (chapters 5, 6, and 7). Here, I contrast cases where neoliberalism remained resilient (Chile and Estonia) with cases where it was contested and even temporarily replaced (Poland and Argentina). Finally, I consider the consequences of the continued resilience of neoliberalism for the future of democracy. By doing this, I engage with the current literature on the crisis of democracy, the rise of populism, and their relationship with neoliberal economics, reflecting on how different experiences of neoliberal resilience pose different threats and paths toward democratic erosion.

Neoliberalism’s resilience—and contestation of the neoliberal project—radically altered these four countries’ patterns of democratic competition and representation, generating specific paths toward democratic hollowing and/or backsliding.<sup>3</sup> Understanding the specific paths by which neoliberalism eroded democratic institutions, and how domestic political actors reacted to those erosions, is crucial to understanding how populist movements are tak-

2. For a different usage associated with the resilience of societies to neoliberalism, see Hall and Lamont (2013).

3. For the formulation of the hollowing of democracy, see Mair (2013). Greskovits (2015) provides an insightful discussion differentiating democracy’s “hollowing” from its “backsliding.”

ing root today, and whether populism threatens democracy or has the potential to cure it (see Mair 2013; Mudde and Rovira Kaltwasser 2013b; Rovira Kaltwasser 2014).

The rest of this introduction proceeds as follows. First, I define what I understand by neoliberalism and state the problem of neoliberalism's resilience in length, the puzzlement that arose after the events that followed the 2007–2008 financial crisis, and justify my focus on the Latin American and Eastern European experiences. Second, I develop the book's argument about the connection between neoliberalism's resilience and the erosion of democracy. In turn, I show how this argument contributes to the existing literature on neoliberalism. Finally, I describe the book's methodological aspects and structure.

## The “Strange Non-Death” of Neoliberalism<sup>4</sup>

### *What Is Neoliberalism?*

Neoliberalism is an oft-invoked but ill-defined concept (Boas and Gans-Morse 2009; Cahill and Konings 2017; Crouch 2011; Connell and Dados 2014; Maillet 2015; Steger and Roy 2010). While it is useful and necessary to understand some of the most pressing problems of contemporary societies and economies, the polysemy of the concept makes it necessary to define clearly what we understand by it before undertaking an empirical study. In turn, I analyze three common definitions of neoliberalism, their respective foci when analyzing neoliberalism's continuity or resilience, and justify my own choice.

One first definition of neoliberalism understands it as a *policy paradigm*, that is, as “a framework of ideas and standards that specifies . . . the goals of policy . . . the kind of instruments that can be used to attain them, . . . [and the] nature of the problems they are meant to be addressing” (Hall 1993, 279). Following this, Cornel Ban refers to neoliberalism as a “set of historically contingent and intellectually hybrid” (2016, 10) economic ideas, including prescriptions from neoclassical economics, monetarism, and supply-side economics, that aim at increasing the power of markets—and the corporations operating in them—in the allocation of goods and services and the reduction of discretionary government interventions to make them credible with market actors. Neoliberalism does not preclude State intervention, and often even requires it; however, it gives business (epitomized as impersonal “markets”) the power to decide which interventions are desirable and which are not.

4. See Crouch (2011).

For less developed economies, neoliberalism has been associated with promoting policies that “get the prices right.” In other words, they open markets, eliminate price distortions and regulations, and bar discretionary government intervention in the economy through tariff protections, industrial policies, and state ownership of companies (see Plehwe 2009; Saad-Filho 2005; Williamson 1990b). Authors working with this definition of neoliberalism tend to look at the factors affecting the survival of neoliberal ideas over time when analyzing neoliberalism’s resilience (Ban 2016; Blyth 2013; Mirowski 2013; Schmidt and Thatcher 2013).

An alternative to this approach conceives neoliberalism as a *policy regime*: it is the set of policies in the neoliberal paradigm that are embedded in the interests of specific societal groups or classes in specific national contexts (Cahill 2014; Crouch 2011; Streeck 2014; Wylde 2012). This definition of neoliberalism requires an understanding of the societal actors and coalitions who benefit from it and give it their political support. It seeks to explain neoliberalism’s resilience in terms of the political-institutional characteristics and incentives of party systems that make coalitions more or less prone to maintaining neoliberal policies over time (Flores-Macías 2012; Madariaga 2017; Roberts 2015), and business-state relations that increase the influence of neoliberal businesses in policymaking (Bril-Mascarenhas and Madariaga 2019; Bril-Mascarenhas and Maillet 2019; Culpepper 2010; Fairfield 2015a; Hacker and Pierson 2010).

Yet a third treatment of neoliberalism comes from Marxist analyses that understand it as a transnational class project (Duménil and Lévy 2011; Harvey 2007). Authors following this tradition trace the links between the ascendance of neoliberalism to a worldwide hegemonic paradigm, the parallel reconfiguration of class relations beyond national states into supranational business networks following the crisis of advanced capitalism in the 1970s, and the establishment of neoliberalism as state policy (see Carroll and Sapinski 2016; Cox 1987; Robinson and Harris 2000; Sklair 2001). Recent accounts putting emphasis on the history of neoliberal ideas trace the origins of the neoliberal political project to the postwar period—some even as early as the dissolution of the Habsburg empire after World War I (Jones 2012; Slobodian 2018; Mirowski and Plehwe 2009). Here, the issue of the resilience of neoliberalism is studied in two ways: first, in terms of the operation of globalized free markets in which processes of financial liberalization and deregulation since the 1980s have enabled transnational financial capital to restrain domestic political actors from changing neoliberal trajectories (see Appel and Orenstein 2018; Campello 2015; Kaplan 2013; Roos 2019); second, through the “encasement”

(Slobodian 2018, 13) of the world economy in a world order of institutional governance and international law affecting states' sovereign policy decisions (see Chwiero 2009; Gill 2002; Pop-Eleches 2009).

These three definitions of neoliberalism and its resilience broadly correspond to three disciplinary fields in comparative and international political economy: discursive institutionalism, historical institutionalism, and critical international political economy. In spite of coming from different epistemological traditions, they are in fact three facets of the same phenomenon, and all are necessary to fully understand it (see Madariaga 2020). At the same time, while neoliberalism's class roots and the history of its transnational diffusion are crucial to understanding its worldwide dominance, this dominance has relied on the experiences of a few countries that have become neoliberalism's standard bearers. Although international pressures have provided an important engine for neoliberalism and have constituted a "container of last resort" against challenges to it, it is domestic actors and institutions that have played the key role in neoliberalism's durability in those countries (more on this on chapter 2). Moreover, it is impossible to understand the resilience of neoliberalism as a set of ideas and policy recommendations without understanding how those ideas are appropriated by domestic political actors in their concrete political struggles. In other words, while acknowledging the importance of neoliberalism's transnational class dimension and its ideational architecture, I focus on how these are translated by and embedded in national institutions through the struggles of specific national business actors, political leaders, and state bureaucracies.

Going beyond existing research, I analyze not only how neoliberals struggle to institutionalize their preferred policy solutions as state policy, but, more fundamentally, how they strive to alter the very rules of the democratic political game to increase their political clout and reduce that of their opponents.<sup>5</sup> From this perspective, a resilient neoliberal policy regime is one that is able to institutionalize neoliberalism's basic premises in the very functioning of its democratic polity, making changes ever more difficult over time. When this is not the case, neoliberalism remains prone to challenge. In the extreme case, neoliberalism is not just contested over and over again, but it is replaced by an alternative policy regime that, with new supporters, can eventually reproduce itself.

5. For power resource theories inspiring this idea, see Korpi (1985), Rueschemeyer, Huber, and Stephens (1992).



### *Neoliberalism in Crisis? the Global View*

Ever since the subprime crash in August 2007 and the fall of Lehman Brothers one year later, the future of neoliberalism has been at the forefront of scholarly debates. The depth of the Wall Street crisis (and its many repercussions extending to the European debt crisis and the Greek bailouts) created the illusion that this was *the* crisis of neoliberalism, compounding expectations of a revival of Keynesianism, a “New” New Deal switching to more progressive policies, or the start of a slow but progressive disintegration of capitalism as we know it (Appel and Orenstein 2018; Duménil and Lévy 2011; Kotz 2015; Steger and Roy 2010, 131–36; Kuttner 2018; Mason 2017; Streeck 2016; Wallerstein et al. 2013). These expectations were encouraged by past episodes of paradigmatic shift following major economic crises and the idea that these dynamics of pendular movement through crises is innate to the development of capitalism (Blyth 2002; Gourevitch 1986; Hall 1993; Duménil and Lévy 2011; Grauwe 2017; Kotz 2015). Nevertheless, despite these early predictions, neoliberalism has survived. As Mirowski has ironically put it, “neoliberalism is alive and well: those on the receiving end need to know why” (2013, 28).

To understand the puzzling resilience of neoliberalism, I take two positions. First, instead of looking at big ruptures and crises, I claim that we can only understand how neoliberalism survives if we analyze the way it overcomes constant challenges and alternative paths. This implies switching from a punctuated equilibrium or critical juncture view of political development, to one focused on gradual changes and reproduction mechanisms (Pierson 2004; Streeck and Thelen 2005). Second, I argue that the resilience of neoliberalism thus understood is better explained by studying the history of over three decades of neoliberal resilience at the capitalist periphery.

Despite the universal character of neoliberalism and its policy recipes, the actual practice of neoliberalism in the core and the periphery of global capitalism has been quite different (Appel and Orenstein 2018; Boas and Gans-Morse 2009; Connell and Dados 2014). In the advanced capitalist countries, neoliberalism has progressed gradually as a more or less successful challenge to post-war political and economic institutions; hence the frequent characterization of “actually existing neoliberalism” as an “always-imperfect realization” of neoliberal theory (Cahill 2014; Connell and Dados 2014, 120). In fact, at least until the 2000s, it was still believed that neoliberalism represented just one of at least two successful *varieties* of advanced capitalist political economy (Amable 2003; Campbell and Pedersen 2001; Hall and Soskice 2001; Iversen and Sos-

kice 2019). Students of advanced capitalism have thus concentrated on demonstrating the slow transformation of neoliberalism into the dominant policy and political practice it is today (Crouch 2011; Blyth 2013; Streeck 2014). In this sense, more than the resilience of neoliberalism per se, what they study is the gradual erosion of the postwar compromise (see Glyn 2007).<sup>6</sup>

At the periphery of global capitalism, particularly in Latin America and Eastern Europe, the implementation of neoliberalism was a different story: fast and sweeping, amounting to a complete restructuring of state-society relations with profound consequences for institution building and public policy. Moreover, the fact that neoliberal reforms were implemented alongside the reconstruction of liberal democracies facilitated the connection between neoliberal economic policies and the political project behind them.<sup>7</sup>

Despite the rich experience and research on radical neoliberalism outside the capitalist core, as Connell and Dados lament, “the most influential accounts of neoliberalism are grounded in the social experience of the global North” (2014, 118). This book brings Latin America and Eastern Europe back into the core of the debates about the future of neoliberal capitalism and democracy. Interestingly, recent events seem to be bringing neoliberal experiences in the advanced and nonadvanced worlds closer together. In fact, research on the survival of neoliberalism at the core of the capitalist economy and its impact on representative democracy has given place to scholarly debate over the ascendance of right- and left-wing populism; the relationship between neoliberalism, austerity politics, and the rise of populist forces; and the parallel erosion of fundamental democratic values and institutions (Brown 2015; Eichengreen 2018; Dumas 2018; MacLean 2017; Mair 2013; Levitsky and Ziblatt 2018; Kuttner 2018; Przeworski 2019). The Latin American and Eastern European experiences shed light on these global political-economic phenomena.

### *Neoliberalism in Latin America and Eastern Europe: The Empirical Puzzle*

Latin America and Eastern Europe underwent rapid and thorough processes of economic and political liberalization in the final decades of the twentieth

6. Early accounts of this dynamic in individual countries can be found in Crouch and Streeck (1997). For a thorough analysis centered around industrial relations, see Baccaro and Howell (2017). For detailed and compelling studies of the gradual liberalization of Germany and France, see Streeck (2009) and Amable (2017), respectively.

7. More on this below.

century. The economic crises of the 1980s heralded the collapse of decades-old economic development models that spearheaded these countries' quest for modernization and industrialization in a context of economic and political "underdevelopment" (Berend 1996; Edwards 1995; Przeworski 1991). In this context, neoliberalism was understood as a development project able to put an end to these countries' manifold economic and political ills.

Given the wholehearted commitment to radical market reform, countries like Chile and Poland became poster children of the "new development orthodoxy" (Rodrik 1996, 12–13) and were taken as benchmarks of good practice for other nonadvanced political economies in an era when neoliberalism became the only game in town (Åslund 1994; Edwards 1995; Sachs 1990). According to the eminent Hungarian anthropologist Karl Polanyi, explicit attempts at building a market society tend to generate societal "counter-movements" to shelter that society from the effects of free markets (Polanyi 2001). In Latin America and Eastern Europe, these counter-movements came in waves, some accompanied by massive social protests, and many market-reformed countries shifted over the years towards less orthodox development alternatives (Bohle and Greskovits 2009; Frieden 1991a; Greskovits 1998; Orenstein 2001; Roberts 2008; E. Silva 2009). Steep and repeated economic crises, the disintegration of industrial and social tissues, growing unemployment, and rising inequality forced authorities to slow down the pace of reform or undertake outright policy reversals—alternative development projects that challenged neoliberalism's capacity to survive. However, a handful of countries maintained and even reinforced neoliberalism despite these challenges.

Figure 1.1 depicts this process. It shows the Index of Economic Freedom, a measure constructed from a series of indicators assessing policy goals dear to neoliberalism (such as the free movement of capital and minimal government intervention in the decisions of private actors) for the countries under study, as well as the average for their respective regions.<sup>8</sup> Most countries follow a

8. This indicator is based on policy orientations and outcomes. Other indicators of market reform show the progress of institutional reform, among which, the Economic Freedom of the World Index by the Fraser Institute, the liberalization indexes by Morley, Machado and Pettinato (1999) and Lora (2012) for Latin America, and the EBRD Transition Indicators for Eastern Europe. These indexes make it hard to assess Eastern Europe, where all countries were building capitalist institutions from scratch during the 1990s and 2000s, and therefore show continuous progressions rather than discontinuities over time. The index here presented has several shortcomings, including a lack of coverage of the 1980s and early 1990s. It should therefore be taken only as a representation of the research problem, and not as a proof of its existence, nor as a case selection technique.

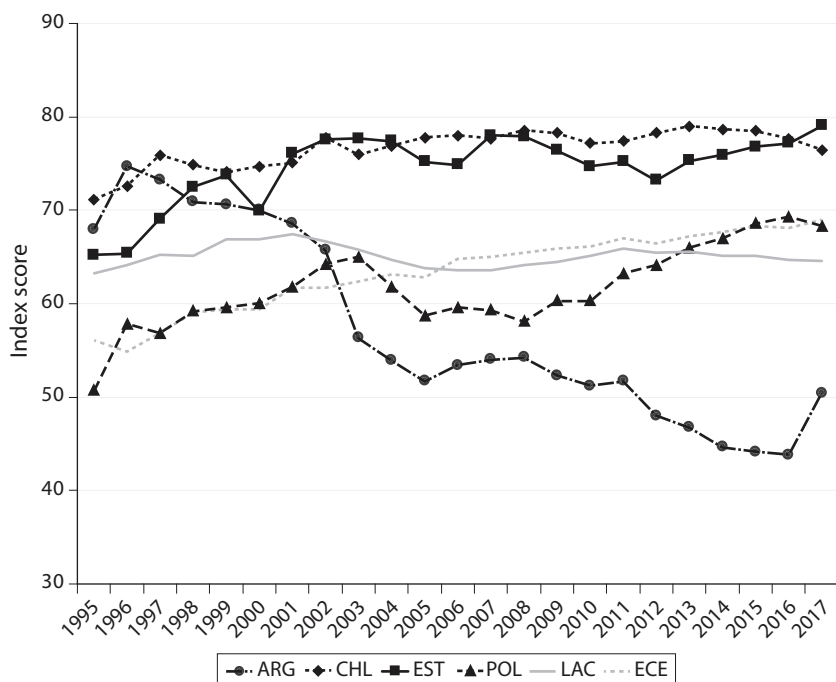


FIGURE 1.1. Latin America and Eastern Europe, Index of Economic Freedom for Selected Countries 1995–2017

Source: Author’s elaboration based on data from Heritage Foundation,  
<http://www.heritage.org/index/>.

Legend: ARG= Argentina, CHL= Chile, EST= Estonia, POL= Poland, LAC= Latin America (average 10 countries), ECE= East-Central Europe (average 11 countries).

pattern of ups and downs over the years, but regional averages remain relatively stable over time. In Eastern Europe, the upward trend has moderated after a period of strong liberalization in the run-up to the entry to the European Union (2004–2007).

Taking these trends into consideration, the trajectories of Chile and Estonia are polar opposites to that of Argentina. While the first two have remained “mostly free” (70–80 points in the index scale) throughout the period and have the highest scores in their respective regions, Argentina descended dramatically from “mostly free” (70–80 points) to “repressed” (40–50 points) in just a few years. At the same time, Poland remained close to the Eastern-European average, except for a downturn in the 2000s. How have Chile and Estonia remained neoliberal over time? What do they have in common, and in what

respects have they differed from other countries that show either moderate variations (Poland) or more significant shifts (Argentina)?

## How Neoliberalism Survives

### *Policy and Polity: The Two Sides of Neoliberalism's Resilience*

In an early assessment of the adoption of neoliberalism in the advanced world, Herman Schwartz suggested that the actors pushing neoliberalism were “engaged in a strategic politics that attempt[ed] to change the rules of the game rather than just seeking their preferred outcomes in the context of extant rules” (Schwartz 1994, 529). Schwartz’s observation closely describes conditions at the outset of the dual transitions to democracy and market capitalism in Latin America and Eastern Europe during the 1980s and 1990s. As O’Donnell and Schmitter observed in those years, “actors struggle not just to satisfy their immediate interests and/or the interests of those whom they purport to represent, but also to define rules and procedures whose configuration will determine likely winners and losers in the future” (O’Donnell and Schmitter 1986, 4:6). Theoretically, this resembles what Tsebelis called a “nested game:” a situation in which “the actor is involved not only in a game in the principal arena [that of neoliberal *policies*], but also in a game about the rules of the game [that of the neoliberal *polity*]” (Tsebelis 1991, 8).

The core argument of this book is that to understand the resilience of neoliberalism one needs to distinguish between these two component parts of neoliberalism: *policy* and *polity*. The *policy* part stems from the economic program of neoliberalism, while the *polity* part originates in its political program, which seeks to change the institutions of democratic organization that enable and constrain the kinds of policies that can be pursued.<sup>9</sup> In other words, neoliberalism entails not only political dynamics in which actors try to implement their preferred economic policies, but also those in which actors try to implement their preferred political institutions and other organizational aspects of the underlying democracies.

I identify three concrete mechanisms that constrained democratic representation in Latin America and Eastern Europe, making changes to established neoliberal policies more difficult (see chapter 2). One is the reduction and blockade of the power resources of those actors that could challenge neoliberal

9. For a discussion of these concepts under similar considerations, see Hajer (2003) and Palonen (2003).

eralism with alternatives; the second is the increase of the power resources of businesses interested in the continuity of neoliberalism; and the third is the institutionalization of neoliberal policies in a way that made them more difficult to reverse.

Liberal democracies offer channels for the representation of diverse actors in the policy process. The most important one is elections, where parties vow to gain the votes of their constituencies and enact the policies they favor. In the political arena, neoliberals attempt to reduce the power resources, opposition, and representation of groups losing from neoliberal policies. I call this *opposition blockade*. Neoliberals use two features of democratic polities to reduce the political clout of actors opposing them and to block their representation. First, neoliberals use electoral systems to decrease the opposition's direct representation in politics. Second, neoliberals employ executive power and non-elected veto players to prevent changes when the opposition does gain representation.<sup>10</sup>

Conversely, business plays a key role in democratic capitalist societies: it is responsible for employment opportunities and wages that define the overall levels of welfare. Business can form part of the support base of democratically elected governments, particularly when parties have corporations as their core constituencies. Although most of the time business is associated with more conservative political projects and supported by right-wing parties (Gibson 1996; Luna and Rovira Kaltwasser 2014), fractions of the business class have also been linked to support for more progressive development models (see Swenson 1991; Schneider 2004b). Businesses can also make themselves heard in policy discussions without needing to join government coalitions. As the literature on business power has consistently shown, corporations can influence policy toward their own preferred outcomes—even under governments with completely different policy preferences (Culpepper 2010; Fairfield 2015a; Hacker and Pierson 2010). In this sense, building a business base that will support neoliberal policies, constrain alternative policy agendas, and/or actively participate in policy design is crucial for neoliberalism's survival. As I will demonstrate, reformers have used privatization as a way of allocating economic

10. A third source of opposition blockade deals with labor market institutions and organized labor. Although I include this in analytical terms in chapter 2, for reasons of space I do not analyze this mechanism in detail in this book. This dynamic of labor acquiescence and protest to market reforms and the outcome in terms of neoliberalism's resilience has received considerable attention in the literature. See, e.g., Crowley (2004), Drake (1996), Etchemendy (2012), Murillo (2001), Ost (2005).

resources to individual firms, business groups, and whole economic sectors that are expected to support the continuation of neoliberalism. I call this mechanism *support creation*.<sup>11</sup>

Finally, there are ways to constrain authorities' room to maneuver, independent of their partisan affiliations and of the power of business. Even politicians with the right partisan orientations can succumb to popular or business demands and reduce the scope of neoliberalism. If this happens, relevant policies can be delegated to state bodies whose staff is insulated from the pressures of partisan politics, shielding neoliberalism both from "‘acting minorities’ and ‘lunatic majorities’" (Rugier cited in Amable 2011, 17). As neoliberals realized early on, in liberal democracies where political constitutions define what the polity can and cannot do, the best way to insulate neoliberalism is to enshrine its basic principles—and even concrete policies—in the Constitution itself (Amable 2011, 17; Bruff 2014; Gill 2002; Slobodian 2018). I analyze two ways of accomplishing what I call *constitutionalized lock-in*: independent central banks and fiscal spending rules. The complex interplay between these three mechanisms—opposition blockade, support creation, and constitutionalized lock-in—explains both the resilience of neoliberalism in Chile and Estonia, and its moderation and/or outright reversal in Argentina and Poland.

Regarding the operation of these mechanisms, I wish to make three caveats. First, it is important to note that these are not the only mechanisms that can account for neoliberalism's resilience. Taken together, they point to ways of twisting or undermining the functioning of democracy, altering the polity with the aim of reducing resistance to neoliberalism from alternative political projects. These mechanisms coerce; they blockade. A different set of mechanisms that increase the resilience of neoliberalism relate to what Michael Burawoy (1982) called the "manufacturing of consent." These include mechanisms that increase the legitimacy of neoliberalism among the broad public, acting not at the level of specific interests but at the level of cultural understandings and ideas (see Boltanski and Chiapello 2005). For example, certain authors study the "governmentality" of neoliberalism, explaining its policies as a device that shapes individuals' dispositions and thus their compliance with neoliberalism's tenets (Amable 2011; Brown 2015). Alternatively, Baker (2009) has studied how the importation of new goods, cultural patterns, and lifestyles—thanks to trade liberalization and increasing globalization—has transformed

11. In chapter 2, I discuss in detail the relation between support creation and the mechanisms of business structural and instrumental power prevalent in the literature.



reluctant working and middle classes into avid consumers and supporters of neoliberalism in certain Latin American countries.

These consensual or legitimation mechanisms also affect the functioning of liberal democracy, and the two types of mechanisms—coercive and legitimating—may well connect in diverse ways (see Brown 2015). One might even argue, following Max Weber, that acting on interests and coercion alone is not enough to sustain neoliberalism in the long run. In fact, over time even the most coercive institutions tend to be used, adapted, and incorporated by new actors who, distanced from their origins, may regard them as unavoidable—even legitimate. It is, however, beyond the scope of this book to study these interactions, and therefore I concentrate on the first set of interest-based coercive mechanisms.

A second caveat is that although I make the case that the resilience of neoliberalism has rested conspicuously on the above-mentioned mechanisms, these may not be exclusively “neoliberal.” In other words, since these mechanisms imply the reduction of democratic representation of alternative political projects, they may well be used for increasing the probability of survival of other development projects in other contexts. Whether or not they are characteristically neoliberal only history will tell.

Finally, the argument of this book should not be understood as implying that those regimes where neoliberalism did not take root are more democratic today than those where it did. This would be the wrong conclusion. The causes of democratic decline extend well beyond democracy’s economic underpinnings. In fact, all the Latin American and Eastern European countries that experienced dual economic and political transitions in the 1980s and 1990s continue to face substantial economic and political challenges today. Instead, I argue that in those cases where neoliberalism survived, the reduction of democracy and its representative dimension can be directly linked to neoliberalism’s resilience.

### *Beyond the Rise of Neoliberalism: Alternative Explanations*

Much of the vast literature on neoliberalism has been devoted to understanding its rise and varied economic success from diverse perspectives, including broad theoretical syntheses (see, among others, Blyth 2002; Bönker 2001; Haggard and Kaufman 1992; Hall 1993; Campbell and Pedersen 2001). Recent debates have shown the diversity of political-economic regimes that “neoliberalizing” forces generated. For example, Fourcade-Gourinchas and Babb



(2002) revisit the old debate about the pace of reform and how this affected the depth of neoliberalism, Etchemendy (2012) analyzes this diversity as a function of how different “liberalizing coalitions” coalesced, while Bohle and Greskovits (2012) and Pop-Eleches (2009) emphasize the strategic and divergent responses of domestic political elites to challenges such as International Monetary Fund (IMF) stabilization programs, the ethnic composition of new democracies, and EU accession. Similarly, Ban (2016) shows how domestic characteristics such as ideological legacies and institutions, and the timing of integration with the global flow of neoliberal ideas, affected the way neoliberalism was translated into local political practice. There are, therefore, varieties of neoliberalization depending on a series of political, institutional, and ideological factors located both inside and outside national economies (see also Thelen 2014; Baccaro and Howell 2017).

These works are extremely valuable in that they spell out the forces putting neoliberalism in motion and, therefore, make room for hypotheses about the mechanisms through which neoliberalism reproduced itself in specific national contexts. However, in their concentration on emergence and path creation, scholars have overlooked the dynamics of resilience and path reproduction, which are the focus of this book (see Bril-Mascarenhas and Madariaga 2019; Madariaga 2019). A historical process may be set in motion and reproduced by entirely different forces (see chapter 2). To understand the resilience of neoliberalism, we need to focus specifically on mechanisms of reproduction.

Another set of approaches has concentrated on reactions against neoliberalism. In Latin America, scholars like Roberts (2008) and Silva (2009) have shown the importance of social movements and popular protest in challenging neoliberalism, opening the way to an era of paradigmatic “left-turns” in the region (see Levitsky and Roberts 2011; Weyland, Madrid, and Hunter 2010). The absence of popular revolt in the more “patient” Eastern European societies has prompted Greskovits (2007), Bohle and Greskovits (2009), Appel and Orenstein (2018), and Hanley and Sikk (2016), to explain the emergence of new populist forces and their illiberal rhetoric as an attempt to represent masses disaffected with neoliberalism. Although few would claim that an entirely new and well-defined development project has emerged from these contentious experiences (but see Appel and Orenstein 2018, 160–69; Bresser-Pereira 2011; Wylde 2012), many authors see in these reactions the emergence of a “post-neoliberal” order (Grugel and Riggirozzi 2012; Rovira Kaltwasser 2011).

Exploring these challenges allows us to build helpful counterfactuals that illuminate not only the context of threats to neoliberalism, but also the cir-

cumstances in which neoliberal policies have been able to survive and thrive. Now, where these works focus only on the challenges, we miss an opportunity to study cases of neoliberal resilience. In fact, while they imply a generalized break with neoliberalism, recent events, particularly in Latin America, have shown instead that the “left turns” were much more contingent than previously thought (see Luna and Rovira Kaltwasser 2014).

Unlike the many works studying neoliberalism’s manifold implementation in concrete national experiences, a few scholars have focused on the sources of neoliberalism’s continuity. I review these in more detail because they present arguments about neoliberalism’s resilience that compete with the one here presented. One set of works follows the different strands of “discursive institutionalism” by understanding neoliberal resilience in terms of ideology. The most thorough presentation of this argument is that by Schmidt and Thatcher (2013), who summarize existing research on ideational continuity and point to three characteristics making neoliberal ideas resilient: first, their generality, malleability and plasticity; second, the gap they allow between theory and reality; and third, their persuasiveness in public discourse. As to the first, it is unclear how these characteristics make neoliberalism more resilient. One could have ascribed the same characteristics to Keynesianism, given the many ways in which it was translated and adopted in actual practice (Hall 1989). If anything, the notion of neoliberalism’s generality as a capacity for resilience argues the opposite. But when does neoliberalism stop mutating into yet another specific form of that general form? In other words, when does neoliberalism stop being neoliberalism and become something else? What is the limit demarcating neoliberal resilience from its opposite? Claiming that neoliberalism is resilient because of its adaptive capacity and plasticity has led some to make general claims about the survival of neoliberalism without establishing the boundaries that distinguish it from its opposite. Recognizing this, I focus on two specific policy domains, exchange rate and industrial policies, and operationalize them thoroughly in order to make this distinction clear (see chapter 3).<sup>12</sup>

The second argument is that the constant failure of neoliberalism in practice (rather than producing paradigm change as in the passage from Keynesianism to neoliberalism) reinforces itself because proponents can claim it has not been properly implemented. Like the last point, it is not entirely clear what

12. Chapter 3 also gives an extensive economic and political justification for the choice of these two policy domains as the foci of analysis.

it is about neoliberalism that gives it this special characteristic vis-à-vis other sets of ideas. For Mirowski, the answer lies in psychological theories of “cognitive dissonance” which demonstrate that the “confrontation with contrary evidence may actually augment and sharpen the conviction and enthusiasm of a true believer” (2013, 35). In other words, by rejecting real-world evidence true neoliberals have doubled down on their beliefs and worked even harder to silence alternative ideas (Mirowski 2013, 356–58). But cognitive dissonance does not by itself warrant the survival of neoliberalism, and, more to the point, we know, thanks to the work of discursive institutionalists, that many of those adopting neoliberalism were not true believers but supported neoliberalism only contingently (Schmidt and Thatcher 2013, 24–25). More fundamentally, this mechanism seems to belie the previous one: on the one hand, neoliberalism is resilient because it is general and malleable, and therefore, can accommodate and incorporate critique; on the other, neoliberalism is resilient because it can preserve its purity by contrasting its principles to its actual implementation. If we believe in politics, we are forced to ask what compels policymakers that are not true believers to maintain neoliberalism despite being proved wrong in practice, and here is when ideational approaches fail to provide a compelling answer.

Schmidt and Thatcher’s third mechanism of neoliberal continuity is as surprisingly simple as it is hard to sustain: some ideas are just more resilient than others because they lend themselves better to convincing rivals in public discourse. In practice, this has led to reducing the importance of discourse *tout court*, as public deliberation and the battle of ideas have been less studied than internal characteristics of neoliberalism like its “seeming coherence” (Schmidt and Thatcher 2013, 26) and “completeness” (Schmidt and Thatcher 2013, 31) at the moment of succeeding over other ideas. Take for example Blyth’s argument that austerity prevailed because it is an “intuitive” and “appealing” idea (Blyth 2013, 7). Thus, despite the intention, one is left with the feeling that the triumph of neoliberalism is a purely rhetorical artifact.

What lies behind this is a critique of the lack of clear conceptualization and empirical testing of the ideational mechanisms of neoliberal resilience.<sup>13</sup> In this book I do not question the fact that ideas are important components of politics, and that they provide basic meanings and instruments for political

13. For a thorough critique of “ideational” accounts of neoliberal resilience, see Cahill (2014). For an exercise in testing ideational versus other explanations of neoliberalism’s continuity, see Madariaga (2020).

actors to pursue their preferences and intentions. I agree, moreover, that political entrepreneurs provide discourses, frameworks, and interpretations of situations that make sense for coalition formation purposes. However, this is not the same as stating that “ideas and discourse [are] the explanatory variable for their own resilience” (Schmidt and Thatcher 2013, 31). In fact, Schmidt and Thatcher concede that the weaknesses of ideational approaches warrant a closer look at “the interests of key actors and the institutional framework within which neo-liberal ideas are formed, developed, disseminated, debated, and adopted” (Schmidt and Thatcher 2013, 414). After all, as Slobodian reminds us, “[f]rom the beginning, the doctrine of neoliberalism reflected an intermingling with the needs of its patrons in the business community” (2018, 21). This book examines who these “patrons” were, and how they retained their power to control the trajectory of neoliberal resilience.

A second set of works that provides an alternative explanation to this book’s puzzle points to international influences and pressures. Decades ago, Barbara Stallings (1992) lamented that the analysis of policy adoption and continuity had turned to domestic factors just when the globalization of the economy meant international forces increasingly influenced domestic policy choices. Following her lead, a number of authors have highlighted how financial liberalization has led to policy diffusion-*cum*-imposition and placed significant constraints on the ability of domestic political coalitions to pursue policies conflicting with neoliberalism (Appel and Orenstein 2018; Maxfield 1998; Polillo and Guillén 2005; Simmons and Elkins 2004; Roos 2019). Other authors, particularly for the case of Eastern Europe, have focused on the power of international institutions and what Bruszt and McDermott call “transnational integration regimes” (2009). Along these lines, a number of works analyze the influence that the prospects of accession to the European Union had on Eastern European states in terms of liberalizing both their economies and politics and adopting specific institutions and policies (R. A. Epstein 2008; J. Johnson 2016; Schimmelfennig and Sedelmeier 2005; Vachudova 2005).

There is a prolific research tradition that, while taking international pressures seriously, grants significant freedom to domestic actors at the moment of deciding on whether, how, and when to give in to these pressures and implement international policy blueprints (Bruszt and Greskovits 2009; Campello 2015; Kaplan 2013; Pop-Eleches 2009; for a classic, see Cardoso and Faletto 1979). As Anna Kowalczyk convincingly argues, “instead of simply imposing their projects on societies worldwide the transnational capitalist classes must build alliances, overcome fractional conflicts and provide material concessions

to some members of societies in order to build and reproduce their hegemony” (2019, 2). Hence, while international norms and pressures are exerted evenly across cases, their actual implementation in local contexts varies greatly, generating a diversity of arrangements and patterns of policymaking (Ban 2016; Bohle and Greskovits 2012).

Several works concentrating on the international level in isolation fail to acknowledge this. For example, Appel and Orenstein (2018) claim that after the 2007–2008 crisis, alternative development models emerged in Eastern Europe that reflected the breaking up of the “competitive signaling” mechanism driving neoliberalism in the region since 1990. But their argument about the discrediting of neoliberalism in the region runs contrary to overwhelming evidence that neoliberalism came under question only for a short time after the crisis, and that the most striking feature of the crisis from the policy point of view is not neoliberalism’s dissolution but its resilience. More importantly, their focus on the international dimension leads them to present the breakup with neoliberalism as a unified “exit” response, overlooking the widely different experiences among Eastern European countries and the potential conflict among domestic elites that the emerging “alternative” projects generated (see Becker and Jäger 2010; Bohle and Greskovits 2012; Myant and Drahokoupil 2012; Myant, Drahokoupil, and Lesay 2013). In the case of this book, the very fact that countries like Argentina, Chile, Estonia, and Poland, once poster children of global neoliberalism (with the analogous international pressures), have shown a diversity of experiences of neoliberal resilience and contestation makes the case for concentrating on the domestic level, where these pressures are received, translated, and used as a political weapon.

Without making the international context the main focus of this book, I do account for the constraints that the international economy and its institutions have placed on domestic policymaking in two ways. First, I consider international financial institutions and economic dynamics as a *constraint of last resort* defending neoliberalism against attempts by national democratic governments attempting to escape from it (see chapter 2). Following Slobodian (2018), I treat this “encasement” as directly related to neoliberalism’s secular quest to bind democratic governments. Second, I view international pressures as a context that affects domestic decisions especially coalition-building strategies and possibilities (Jacoby 2006; Stallings 1992). Since regions like Latin America and Eastern Europe were submitted to different types of international pressures at different times; comparing them controls for these contextual effects

and argues for the existence of global rather than idiosyncratic or regional mechanisms in explaining neoliberal resilience.

The key innovation of this book is to put a special emphasis on the relation between neoliberalism and democracy, and the mechanisms that link them. My results uncover a direct connection between the successful development of neoliberal capitalism and the limitation of democracy through institutional design. This link shines new light on the relationships between capitalism, democracy, and development, a timely topic in the comparative analysis of developing political economies (Collier and Collier 1991; Haggard and Kaufman 2008; Rueschemeyer, Huber, and Stephens 1992).

## Research Design and Plan of the Book

### *Empirical Approach and Methods*

This book is based on a small-N study drawing on the tradition of comparative-historical analysis (Skocpol and Somers 1980; Mahoney and Rueschemeyer 2003). I use a combination of comparative methods and within-case process tracing. While the comparative method helps identify relationships and controls for omitted causal factors in small-N research, within-case methods help to strengthen the validity of the comparative exercise by examining causal links in the individual cases (Mahoney 2003, 363–65; Collier 2011, 824). This research design has become standard in academic practice when analyzing institutional development and change (Hall 2003; George and Bennett 2005; Blatter and Haverland 2012; see, e.g., Bohle and Greskovits 2012; Etchemendy 2012; Haggard and Kaufman 2008). The cross-regional span of the comparison in this study is less common even among comparative studies and constitutes a true innovation, revealing the global scope of mechanisms of neoliberal resilience.

The more or less contemporary political and economic liberalization of Latin America and Eastern Europe during the 1980s and 1990s marks a common point of departure for comparing national as well as regional trajectories of neoliberal resilience. Despite the different structural specialization of the two regions and different forms of integration into global commodity chains, they share an equivalent position in the international political economy in terms of their dependence on capital flows and their peripheral incorporation into transnational integration regimes, presenting a similar set of enabling and



constraining factors for development projects led by domestic political agents (Bruszt and Greskovits 2009; Bruszt and McDermott 2009).

In terms of case selection, I use a combination of most similar and most different cases (Seawright and Gerring 2008). The universe of cases is composed of middle- to high-income countries in Latin America and Eastern Europe that enacted radical economic reforms in concert with major political transformations in the last decades of the twentieth century. Argentina, Chile, Estonia, and Poland present underlying similarities and differences in the outcome of neoliberal resilience, and furthermore form paired comparisons. All of them share the fact that the adoption of neoliberalism followed inflationary crises and combined exchange rate stabilization and structural reforms that dismantled previously interventionist states and industrial policy. In the case of Latin America, Chile is the quintessential case of neoliberal continuity despite the many nuances introduced over the years (Madariaga 2020). For the opposite outcome, I select Argentina, a country with a number of economic, social, and political similarities with Chile, but where neoliberalism failed to take root after three successive attempts. In other Latin American countries, like Colombia or Mexico, neoliberalism was adopted more gradually, while in countries like Brazil and Uruguay it was adopted only half-heartedly and quickly abandoned (see Madariaga 2020).

In Eastern Europe, the Baltic States represent the most advanced neoliberal reformers (Bohle and Greskovits 2012). Among them, Estonia is the prime example of neoliberal continuity, especially after its deflationary approach to the 2007–2008 crisis. For the opposite outcome, Poland and the Czech Republic were orthodox neoliberal states at the beginning of their transition, but gradually moderated their initial orthodoxy (Bohle and Greskovits 2012). I select Poland in place of the Czech Republic because the latter was not in a situation of economic crisis at the time of the transition nor did it suffer from hyperinflation, and because in Poland and Estonia—but not the Czech Republic—the fall of communism followed a pattern of negotiation between old communist and new democratic elites. Moreover, many authors have recognized that the Czech Republic, as well as other countries initially considered “gradual reformers” (such as Hungary), had by the mid-1990s already surpassed Poland’s progress in economic reforms, even though Poland was a more prominent example of shock therapy transition (see Bohle and Greskovits 2012; Schoenman 2014; Stark and Bruszt 1998).

Data collection for this book came from a variety of sources including official economic data, specialized secondary literature, a selective analysis of

official documents and newspapers, and interviews with local analysts and policymakers. Interviews were conducted when access was possible and when the questions that arose during the research process merited them. I conducted a total of fifty interviews in the four countries. A handful of interviews from Argentina were facilitated by the Archivo de Historia Oral (AHO), at the Gino Germani Institute. In order to protect the integrity of interviewees, quotes from interviews are reported anonymously.

### *Plan of the Book*

Chapter 2 presents the theoretical framework, focusing on the policy and polity parts of neoliberalism: that is, the connection between neoliberalism and democracy. It also conceptualizes how the mechanisms of opposition blockade, support creation, and constitutionalization help produce neoliberal resilience. Chapters 3 and 4 deal with the policy part of neoliberalism in Latin America and Eastern Europe. They demonstrate the resilience of exchange rates and industrial policy in Chile and Estonia in contrast to resistance to similar policies in Poland and Argentina, as well as the coalitions that have come together to support or oppose them in different periods (chapter 3 analyzes this resilience, or lack thereof, quantitatively, while chapter 4 follows a qualitative perspective). Chapter 3 further provides a justification for the selection of these policy domains and an operationalization of concrete policy alternatives, as they are associated with neoliberal or alternative development projects.

Chapters 5, 6, and 7 are devoted to the polity part of neoliberalism, and to tracing how exactly the resilience of neoliberalism rested on the erosion of democracy. Chapter 5 focuses on support creation: the increase of power resources through privatization for those business actors expected to defend the survival of neoliberal policies. In Chapter 6 I analyze opposition blockade with respect to the political expression and representation of parties opposed to neoliberalism. I study a number of sources used to block these parties, including electoral rules, executive powers, veto players, and lustration (in the case of Eastern European countries). Chapter 7 focuses on the locking-in of exchange rates and industrial policies in institutional frameworks, up to and including the constitution, that reduced partisan influences on them and made future changes and reforms more difficult. I concentrate on two such experiences: the establishment of central bank independence and fiscal spending rules.



In the concluding chapter I consider the outcomes of this study in terms of understanding the politics of neoliberal resilience and its implications for the future of democratic capitalism. In this context, I reflect on the apparent paradox that the cases of neoliberal resilience are those that show a more stable democracy and less thoroughgoing penetration of populist political dynamics than in the cases of neoliberal contestation and discontinuity. Could neoliberalism, and the limited democracy it promotes, be the savior of democracy? Or has it instead opened the path to the ultimate demise of democracy as we know it? Is the current wave of populist forces a threat or a corrective to neoliberalism's democratic deficits?

## INDEX

Page references in italics indicate figures and tables.

- ABA (*Asociación de Bancos Argentinos*), 101–2
- ABIF (*Asociación de Bancos e Instituciones Financieras*) [Chile], 96, 151
- accountability, 46, 49–50, 251; and Argentina, 204–6, 213–14, 254, 264; and central banks, 49–50, 202, 223; and checks and balances, 34, 37n, 38, 261, 263, 264; and Chile, 202, 223; and delegation of policy-making, 49, 216, 246; and democracy, 46, 50, 204–6, 208, 213–14, 216, 251, 246, 254, 264; and Estonia, 261, 262–63; and fiscal policy, 49–50, 246; and Hagen, Jürgen von, 49; horizontal, 264; and O'Donnell, Guillermo, 206; in Poland, 208–12, 213–14, 254, 263, and populism, 261–64; and presidential decrees, 205–6, and representation, 46; vertical, 46
- AFPs (private pension fund administrators) [Chile], 150n8
- AGD (business group), 157
- Agency of Agriculture Market (Poland), 112
- agriculture, 55, 64–66; and agricultural business interests, 86, 104, 117, 120, 121, 127, 158, 161–62, 173–74, 266; and anti-neoliberalism, 109–10, 119, 126, 131; and Argentina, 65, 86, 98, 102, 104, 154, 157, 158, 206–8; and Brazil, 266; and Chile, 65, 86, 86n, 173–74; and collective farms, 117, 162, 225; and Eastern Europe, 66, 131; and Estonia, 66, 108–9, 116, 117, 120, 121, 122–23, 141, 161–62, 163, 166, 226, 239; and exchange rates, 86, 102, 131, 158, 170; and farmers, 109–10, 112, 115, 117, 119, 125–27, 131, 132, 161–62, 168–69, 239, 263; and industrial policy, 55, 104, 106, 108–9, 110, 112, 117, 120, 121, 122–23, 125, 126–27, 131, 158, 161–62, 166, 169, 170, 206–8, 226, 239; and liberalization, 86; and neoliberalism, 86, 141, 158, 169; nontraditional, 86; and Poland, 66, 106, 110, 112, 116, 126–27, 141, 169, 170; and privatization, 141, 161–62, 166, 168, 170, 173–74; and shock therapy, 116, 161; and state ownership, 141, 161
- Ahumada, José Miguel, 94
- AID (Agency for Industrial Development) [Poland], 112
- Alanen, Ilkka, 162
- Alfonsín, Raúl, 88, 90–92, 97, 132, 133, 153–54, 155, 155n, 184, 205n23
- Allende, Salvador, 1, 87, 95, 139, 140, 143, 150
- alternative political projects, 10, 14, 15, 22, 23, 36–37, 38, 47, 49–50, 52–53, 62, 77; and Argentina, 227–31, 244–46; business base for, 39–40, 53, 55, 77–80; and campaign funding, 39; and capital flight, 174–75, 262–63; and Chile, 201–2, 220–23; and coalition-building, 39–40, 53, 77; and contestation of neoliberalism, 4, 7, 10, 20, 24, 47, 52, 255–56; and constituencies, 39–40, 77, 174–75, 194; and constitutions, 93, 203, 203–4, 253–57; and corporatism,

alternative political projects (*cont.*)

42–43, 85–88; and central banks, 49–50, 227–31, 244–46; and citizenship, 194–95, 197; and credit, 104, 108–9, 158; and currency, 96–96, 103; and debt, 157–58; and delegation of policymaking, 216–17, 246–48, 254–55; and departures from neoliberalism, 3, 4, 7, 10, 13, 16, 17, 24, 44, 47; and democracy, 36–37, 38, 47, 84–85, 250–65; and dictatorships, 84–85, 85n2, 86–92, 105, 146, 148–49, 153, 253; and Eastern Europe, 20; and electoral laws, 112–13, 118n, 121, 123, 176–77, 181–82, 184, 192–97, 201–3, 208–9, 212–15, 253–54; and elites, 20, 26, 201, 217, 265; and employment, 10, 110, 117, 193–94, 222–223, 234–35; and Estonia, 223–27; and ethnic politics, 115–20, 123, 131, 192–97, 260; and the European Union, 120–34, 240–42; and exchange rates, 56, 77–78; and executive power, 13, 23, 177, 179, 192, 197, 202–3, 206–8, 210–12, 213–15, 223; and fiscal rules, 49–50; and foreign capital, 79, 120, 125, 136, 139, 149–50, 152, 161, 162–66, 173–74, 252–53; and industrial policy, 56, 77–78; and international pressures, 19, 120–34, 240–42; and labor unions, 42–44, 77, 88, 91–92, 102–4, 106, 109, 110, 114, 117, 126–27, 132, 158, 255–56; and left-wing parties, 77; long-term support for, 39; and lustration, 180, 210; and majoritarianism, 43, 46, 102–3, 120, 130, 179, 196, 197, 201–2, 211, 227–29, 260–61, 262–63; and mining, 97, 109–10, 120, 126, 131, 150–52, 203, 244, 248; and minorities, 192–97, 253, 261–61; and Poland, 230–36, 242; and populism, 16, 90–91, 122, 125, 126, 128, 130–33, 209, 214–15, 234–35, 257–67; and public opinion, 105, 109–10, 193–94, 193, 201; and representation, 15, 36–37, 38; and right-wing parties, 77; and shock therapy, 45, 109–15, 119–20, 161; and social democracy, 90–91, 110, 112–13; and socialism, 95–96, 150–51, 203, 222–23, 261–62; and social movements, 10, 77, 91–

92, 111, 115–17, 210, 229–31, 261–62, 267; and vetoes, 13, 23, 176–77, 179, 201–2, 203–4, 212, 213–14

Aluar (business group), 157, 158

Angelini (business group), 145, 147, 149

Angell, Alan, 200

anti-communism: and decommunization, 179–80, 180n; and Eastern Europe, 176–77, 179–80, 185; and Estonia, 186; and lustration, 176–77, 179–80, 180n, 186; and Poland, 109, 125, 180. *See also* communism

anti-liberalism, 1, 16. *See also* illiberalism

Appel, Hillary, 16, 20, 44

Arcor (business group), 157

*Arengufond* (Estonian Development Fund), 123–24, 197, 240

Argentina: and the 1977 industrial promotion scheme, 88; and the 2007–2008 financial crisis, 104, 263; and ABA (*Asociación de Bancos Argentinos*), 101–2; and alternative political projects, 227–31, 244–46; and accountability, 204–6, 213–14, 254, 264; and AGD (business group), 157; and agriculture, 65, 86, 98, 102, 104, 154, 157, 158, 206–8; and Alfonsín, Raúl, 88, 90–92, 97, 132, 133, 153–54, 155, 155n, 184, 205n23; and Aluar (business group), 157, 158; and Arcor (business group), 157; and the *Alianza* Coalition, 102, 228–29; and Argentinean business associations, 87, 101–2, 102n, 103; and the Argentinean pension system, 104, 206–7; and Astra (business group), 153–56; and the Austral plan, 90; and authoritarianism, 88; and balance of payments, 104; and basic freedoms, 215, 263, 266; and Bemberg (business group), 157; and Brazil, 91, 100; and Bidas (business group), 153–56; and the budget, 153, 237–38, 244–45; and Bunge & Born (business group), 98, 154, 157; and bureaucracies, 84, 87; capital account of, 88, 263; and capital controls, 155; and capital flight, 103–4, 262–63; and the

- Capitanes de la Industria* (Captains of industry), 90; and Cavallo, Domingo, 99, 206, 228 and checks and balances, 263–64; and the Chicago Boys, 98, 99n, 101, 229; and the BCRA (Argentinean Central Bank), 85–86, 101, 219, 227–31, 245, 256; and civil liberties, 215, 263, 266; and Clarín (business group), 157; and conservatism, 102; and constitutions, 180, 181, 184–85, 190, 205; and the Convertibility Plan, 227–28; and corporatism, 85–88, 90; and credit, 104, 154, 158, 158n, 227, 231; and debt, 88–89, 91, 99n, 133, 137, 155, 155n, 157–58, 206–7, 228, 231, 238, 245, 263n; and de la Rúa, Fernando, 102–3, 206, 229–30, 244; and delegative democracy, 204–6, 213–14, 254; and democracy, 3, 85, 88, 90, 105, 153–54, 174, 184, 185n, 204–6, 212–15, 253–56, 250–60, 262–66; and deregulation, 85–86, 98, 206–7; and dictatorship, 68, 85–92, 93, 98, 105, 152–53, 174; and DNU's (Decrees of Urgency and Necessity) (see Argentina, presidential decrees); and dollarization, 101, 103, 229; and Duhalde, Eduardo, 103–4, 230; and electoral laws, 177, 181, 184, 204, 212–15; and elites, 153; and employment, 88n, 101, 245; and exchange rates, 86, 90–91, 99n, 101, 102, 103, 158, 217–31; and executive power, 98, 177, 181, 184, 184n, 185, 185n, 190, 204–6, 206–8, 213–15; and exports, 88–89, 90–91, 92, 102, 104, 156–58, 206–7, 228, 231; and the Falkland Islands, 90, 184, 213; and farmers, 263; and FDI (foreign direct investment), 156–57; and Fernández, Cristina, 104, 132, 133, 138, 208, 215n, 231, 245, 262–63, 264; and fiscal policy, 91, 101, 103–4, 155n, 206, 227–28, 237–38, 244–48, 256; and the *Fondo Anti-Cíclico Fiscal*, 245; and the FREPASO party (Front for a Country in Solidarity), 102; and Garovaglio and Zorraquin (business group), 154; and the IMF (International Monetary Fund), 91–92, 99n, 101, 103, 133, 229, 245, 263; and industrialization, 91, 158; and industry, 65, 87–88, 90–91, 98–99, 101–4, 137, 140, 153–54, 157–58, 206; and inflation, 22, 85, 88, 90–92, 98–99, 104, 154, 184, 227–28, 245, 263; and international pressures, 18n, 91–92, 99n, 101, 103, 133, 229, 245, 263; and Kirchner, Néstor, 104, 132, 133, 138, 158–59, 206–8, 230–31, 245, 262–63, 264; and labor unions, 80, 88, 91–92, 98, 98n15, 102–4, 132, 158, 210n30, 230, 256; and the Law on Fiscal Responsibility, 245; and Macri, Mauricio, 104–5, 263; Malvinas Islands (see Falkland Islands); and Martínez de Hoz, José Alfredo, 153; and the military, 85, 87–88, 90–91, 105, 138, 152–53, 180, 184, 213; and Menem, Carlos, 97–103, 152, 154–57, 155n, 184–85, 185n7, 204–8, 205n23, 206n28, 210n30, 227–29, 230, 244–45, 254; and mining, 65; and nationalization, 104; and the Pacto de Olivos, 205n23; PEEEX (*Programas Especiales de Exportación*), 91; and Pérez Companc (business group), 88, 153, 154, 155, 156, 157; and Pescarmona (business group), 157; and the PJ Party (*Partido Justicialista*), 90–92, 97–98, 98n15, 101–4, 155n, 158, 180, 184, 204–5; and populism, 90–91, 97–98, 101, 180, 204, 215, 215n, 219, 227, 259–60, 262–66; and presidential decrees, 181, 184–85, 185n6, 205, 205n24, 205n26, 205n27, 206–8, 229–31; and the Public Emergency Law, 230; and Richards (Indupa) [business group], 157; and shock therapy, 85; and social democracy, 90–91; and social movements, 91–92, 97–98, 155, 229–31, 263, 265; and SocMa (business group), 157; and stabilization funds, 238; and state ownership, 104, 138–40, 139, 140, 153–55; Supreme Court of, 181, 185, 205, 206, 208, 228–29, 231; and Techint (business group), 88, 153, 154, 156, 157, 158; and technocrats, 85, 101, 254; and transitions, 90–92, 97–98, 184–85; and the treasury, 231, 245; and the

- Argentina (*cont.*)  
 UCR party (*Unión Cívica Radical*), 90,  
 98, 102, 184, 204–5, 208; and UIA (in-  
 dustrials association) 102n, 103; and  
 vetoes, 177, 181, 205, 213–14, 254; and  
 the YPF (*Yacimientos Petrolíferos Fed-  
 erales*) [national oil company], 138,  
 155–56  
 Argentinean Supreme Court, 181, 185, 205,  
 206, 208, 228–29, 231  
 Armingeon, Klaus, 68  
 ASEXMA (association of exporters of man-  
 ufactures) [Chile], 223n  
 ASOEX (association of exporters of pri-  
 mary products) [Chile], 223n  
 Astra (business group), 153–56  
 austerity, 9; and discursive institutionalism,  
 18; and Estonia, 124, 240, 260; and neo-  
 liberalism, 9; and Poland, 242; and popu-  
 lism, 9  
 Austral plan, 90  
 authoritarianism, 44; and Argentina, 88;  
 and authoritarian backlashes, 2, 44, 84,  
 254; and authoritarian enclaves, 181–83,  
 184, 198, 203, 213–14, 220–21, 253–54, 256;  
 bureaucratic, 84, 87; and Chile, 88, 183,  
 198, 203, 213, 250, 253–54; and coup d'état,  
 1–2; and *democraduras*, 45–46, 46n11, 176,  
 178, 190; and Eastern Europe, 178, 190;  
 and Estonia, 194; and financial crises, 44;  
 and J-curve, 44; and Latin America, 84,  
 131, 178, 190; and neoliberalism, 44, 46,  
 88, 131, 213, 250, 266; and Poland, 187–88;  
 sultanistic, 84; and authoritarian rever-  
 sals, 2, 44, 254; totalitarian, 84; and  
 Wałęsa, Lech, 187–88  
 Aylwin, Patricio, 93–94  
  
 Babb, Sarah, 15  
 Bachelet, Michelle, 95–97, 198n, 203, 243,  
 261  
 bailouts: and Estonia, 118–19, 165, 225; and  
 Greece, 8; Kallas, Siim, 118–19, 225;  
 Kuokštis, Vytautas, 165; Laar, Mart, 118–  
 19, 225; and privatization, 16;  
 Vilpišauskas, Ramūnas, 165  
 balance of payments, 31, 54, 237; and Argen-  
 tina, 104; and Chile, 96, 243; and debt,  
 54; and exchange rates, 54; and Flem-  
 ming, Marcus, 31; and Friedman, Milton,  
 31; and Johnson, Harry, 31; and the  
 MABP (Monetary Approach to the Bal-  
 ance of Payments), 31; and Mundell,  
 Robert, 31; and Mundell-Flemming theo-  
 rem, 31; and stop-go cycles, 31, 54; and  
 the trilemma of monetary policy in an  
 open economy, 31. *See also* capital  
 account  
 Baker, Andy, 14–15  
 Balassa, Bela A., 29  
 Balassa Index. *See* RCA Index  
 Balcerowicz, Leszek, 105, 107–11, 107n20,  
 108n, 113, 126, 169, 210–11, 233–34, 235. *See  
 also* Balcerowicz Plan  
 Balcerowicz Plan, 107, 107n20, 108–12, 113,  
 125–26, 210–11; and the Polish Roundta-  
 ble Talks, 107n20; and shock therapy,  
 107–13  
 Baltic states, 22, 106, 107n21, 256–57  
 Ban, Cornel, 5  
 banks, 14, 170, 173; and the ABA (*Asociación  
 de Bancos Argentinos*), 102; and the bank-  
 ing industry, 92, 96, 129, 142, 164–65, 172;  
 and the banking system, 169, 231; com-  
 mercial, 94–95; Deutsche Bank, 266, 308;  
 monobanks, 219, 231; nationalization of,  
 143; Pekao Bank, 171, 235n; PKO BP, 129;  
 state-owned development, 30, 112, 129,  
 169; 164. *See also* central banks  
 basic freedoms, 23n, 33, 35, 36n, 38, 46, 215,  
 259, 261–62; and Argentina, 215, 263, 266;  
 and Chile, 214; and Estonia, 215, 261; and  
 Mair, Peter, 259; and neoliberal resil-  
 ience, 215; and Poland, 215, 262–63; and  
 populism, 215, 259, 266. *See also* civil lib-  
 erties; political freedom  
 Bauer, Peter Thomas, 28  
 BCRA (Argentinean Central Bank), 85–86,

- 101, 227–31, 245, 256; and alternative political projects, 227–31, 244–46; and businesses, 85–86, 228–30; and Chicago Boys, 229; and competitiveness, 228, 230; and the Convertibility Law, 227–28; and exchange rates, 217–31; governor of, 219, 229, 230; independence of, 217, 227–31, 244–47; and inflation, 227–28; monetary policy council of, 227–28, 230–31; and neoliberal resilience, 217, 227; organic constitutional law on the, 229, 231; and policymaking, 229–30; and Pou, Pedro, 229; and price stability, 228, 231; and the promotion of domestic industry, 231; and the Public Emergency Law, 230; strategic appointments to, 230, 231. *See also* central banks
- Békesi, Lászlo, 135
- Belka, Marek, 236
- Belka rule, 242
- Bemberg (business group), 157
- Bhagwati, Jagdish N., 29
- Bielecki, Jan Krzysztof, 111–12, 167, 211
- Bignone, Reynaldo, 184
- Blyth, Mark, 18
- Bodea, Cristina, 69
- BOE (Bank of Estonia), 116, 118–19, 196–97, 223–27; and alternative political projects, 223–27; and the Central Bank Law, 223; and the currency board law, 225–26; and EU accession, 105–6, 226–27; and exchange rates, 116, 217, 223–25; governor of, 116–18, 224–25; independence of, 217, 223–25, 227, 246–47; and inflation, 196, 224–27; and price stability, 224–27; strategic appointments to, 226. *See also* central banks
- Boeninger, Edgardo, 149
- Bohle, Dorothee, 16
- BP Europa SE Oddział w Polsce, 172
- Brazil, 22, 54, 91, 100, 137, 266
- Bridas (business group), 153–56
- Bronze Soldier Statue affair, 123n34
- Buchanan, James, 3n, 27, 32, 33–34, 258
- Büchi, Hernán, 148
- budget, 41, 254–55; and Argentina, 153, 237–38, 244–25; balanced, 116, 239–40, 242; and budget deficits, 49, 127–28; and budget institutions, 237–38, 239; and the budgetary process, 49; and budgetary restraint, 124; and budget surplus, 254; and Chile, 140n, 181–82, 183–84, 237–38, 243; and constitutions, 183–84, and Eastern Europe, 237–38; and Estonia, 116, 123–24, 224–25, 237–38, 239; and EU accession, 127–28; and executive power, 181, 182; and fiscal rules, 49, 116, 237–38, 239–40, 242, 243; Hagen, Jürgen von, 49; and Kornai, János, 41; and Latin America, 237–38; and Menem, Carlos, 244–45; military, 183–84; and neoliberalism, 254–55; and Poland, 127–28, 211, 232, 237–38, 242; Váhi, Tiit, 239. *See also* fiscal policy
- Bulgaria, 256–57
- Bunge & Born (business group), 98, 154, 157
- bureaucracies, 7, 34, 58, 61–62, 84, 246; and Argentina, 84, 87; and bureaucratic-authoritarianism, 84, 87; and Chile, 84; and neoliberalism, 61, 84, 216–17; non-elected, 216–17; and Poland, 108–9
- business associations, 78–79; ABA (*Asociación de Bancos Argentinos*), 101–2; ABIF (*Asociación de Bancos e Instituciones Financieras*) [Chile], 96, 151; Argentinean, 87, 101–2, 102n, 103; Chilean, 89, 95–96, 146, 151–52, 223; CPC (*Confederación de la Producción y el Comercio*) [Chile], 89, 96; Polish, 112; UIA (industrials association) [Argentina], 102n, 103. *See also* business groups; businesses
- business groups: AGD, 157; Aluar, 157, 158; Angelini, 145, 147, 149; Arcor, 157; Astra, 153–56; Bemberg, 157; Bridas, 153–56; Bunge & Born, 98, 154, 157; Clarín, 157; Cruzat-Larraín, 144–47; Edwards, 144; EP, 129; Fernández León, 147; Garovaglio and Zorraquin, 154; GK Enea SA, 172; GK Energa SA, 172; GK Grupy Lotos SA,

business groups (*cont.*)

172; GK Orange Polska, 172; GK PGNiG SA, 172; GK Tauron Polska Energia SA, 172; Grupa Centrum, 129; Grupa Polnoc, 129; Hurtado Vicuña, 147; KGHM Polska Miedź SA, 172; Larraín-Vial, 147; Luksic, 145, 151, 203; Matte, 145, 147, 149 (see also *Compañía Papelera*); Menéndez, 145, 147; Pérez Companc, 88, 153, 154, 155, 156, 157; Pescarmona, 157; PGE, 129; Richards (Indupa), 154; SEB, 164; SocMa, 157; SQM, 146, 148, 151, 203; Swedbank, 164; Techint, 88, 153, 154, 156, 157, 158; Thyssen, 156; Vial, 144, 147; Yaconi-Santa Cruz, 149. *See also* businesses

businesses: and Argentina, 87, 90, 101–2, 102n, 103; agenda-setting influence of, 13, 40, 42; and agribusiness, 266; and alternative political projects, 13–14, 55; and Brazil, 100; and capital flight, 40, 67, 103–4, 174–75; and the capitalist “market prison,” 40, 62, 252; and capital mobility, 67; *Capitanes de la Industria* (captains of industry), 90, and Chile, 89, 95–96, 146, 151–52, 223; and class, 13, 19–20, 33, 42, 52n, 55, 61–62, 83, 105, 119, 161, 162, 167; and clientelism, 19; and coalition-building, 13–14, 53, 64; and conservatism, 13; as constituencies, 13, 38, 77, 174–75; and the construction business sector, 63n; and corporations, 5, 46n, 78, 154–55, 266; and deregulation, 85–86, 89, 98, 144, 150–51; and dictatorships, 84–92, 105, 143–49, 152–53, 253; and employment, 13, 67, 148; and finance, 52, 61–62, 63–66; instrumental power of, 5, 6, 13, 40, 42, 136, 148–49, 153, 174–75; and labor unions, 80, 88, 103–4, 101, 132, 154–55, 157–58, 230, 255–56; and MNCs (multinational corporations), 78, 154–55; and partisanship, 13; as patrons, 19; policymaking influence of, 5, 6, 13, 40, 42, 62, 67; and Poland, 112; and populism, 266; and privatization, 13, 14, 40, 42, 136, 148–49, 153, 174–75; and

protectionism, 63; and the public utilities sector, 63n; structural power of, 13, 40, 42, 67, 136, 148–49, 153, 174–75; and taxation, 55; and the tradable business sector, 54, 63; and wages, 13; and welfare, 13. *See also* business associations; business groups

*The Calculus of Consent* (Buchanan), 3n

Canada, 94n9

CAP (Compañía de Aceros del Pacífico), 146–48

capital account, 67; and Argentina, 88, 263; and Chile, 88, 144n; and Flemming, Marcus, 31; liberalization of, 30–31, 40, 67, 88, 144n; and the MABP (Monetary Approach to the Balance of Payments), 31; and Mundell-Flemming theorem, 31; and Mundell, Robert, 31; and neoliberalism, 30–31, 40, 67, 88, 263; and the structural power of businesses, 40, 67; and the trilemma of monetary policy in an open economy, 31

capital controls, 30–31; and Argentina, 155; and Chile, 93–96, 221, 221n, 222; and financial repression, 30–31; and neoliberalism, 30–31, 94

capital flight, 40, 67 103–4, 174–75, 262–63; and alternative political projects, 101, 174–75, 262–63; and Argentina, 103–4, 262–63; and Estonia, 174–75; and finance, 101; and neoliberal resilience, 67, 103–4, 174–75; and power resources, 40, 103–4, 174–75; and privatization, 40; and the structural power of businesses, 40, 67, 103–4, 174–75

capitalism, 3n, 8; and advanced capitalist democracies, 4, 6, 8–9, 12, 93, 250, 258; and the capitalist class, 19–20, 62, 83; and the capitalist core, 4, 8–9; and capitalist institutions, 10n, 25; and the capitalist “market prison,” 40, 252; and the capitalist periphery 4, 8–9, 21–22, 53–54; and coordinated capitalist economies, 170n;



- crises of, 6, 8, 26, 267; democratic, 13, 24, 267; end of, 267; future of, 9, 24, 267; free market, 26; and mixed market economies, 37–38, 267; neoliberal, 9, 21; nonadvanced capitalist economies, 10, 28, 30–31, 48, 53–54, 61, 63n, 237, 250; neoliberal variants of, 257; and privatization, 42; and representation, 33; transition to, 12, 43–45, 105, 113–14, 135, 137–38, 141, 162; varieties of, 8–9, 170n, 257
- Capitalism and Freedom* (Friedman), 32n
- Capitanes de la Industria* (captains of industry), 90
- Cavallo, Domingo, 99, 206, 228
- central banks, 14, 30, 49–50, 105, 217–36, 246–47; and accountability, 49–50, 202, 223; and Adolph, Christopher, 218; and credit, 224–25, 227, 231; and delegation of policymaking, 14, 48, 246, 246–48, 254–55; and democracy, 49, 216–18, 220–21, 246, 248; in Eastern Europe, 105–6, 218–19, 232; and economic growth, 48, 218; and employment, 48; and EU accession, 105–6, 124–25, 226–27, 233–35, 241; and exchange rates, 30, 47–48, 48–49, 69, 93, 217–36; and free markets, 218; independence of, 14, 23, 30, 48, 49–50, 69–70, 73, 75–76, 126, 217–36, 246–47; and inflation, 30–31, 48, 50, 56–57, 113, 126, 218, 196, 202, 218, 222, 227–28, 232, 234; and international financial institutions, 218; in Latin America, 218–19; as lender of last resort, 231; and monetary policy, 48, 218; and policymaking, 49–50, 218–19; and political parties, 218; and neoliberalism, 14, 30–31, 47–48, 49–50; and price stability, 30–31, 46–47, 48, 49–50; and the promotion of domestic industry, 48; and representation, 49; strategic appointments to, 48. *See also* banks; Chilean Central Bank; BCRA (Argentinean Central Bank); BOE (Bank of Estonia); NBP (Polish National Bank)
- Chicago School, 25–26, 27–31, 32, 35, 36; and Argentina, 98, 99n, 101, 229; and the Chicago Boys, 89, 98, 99n, 101, 144, 220, 229; and Chile, 89, 144, 220; and the Chilean Central Bank, 220; and development, 25–26; and exchange rate policy, 30–31, 99n, 101, 144; and Friedman, Milton, 26–27, 29; and industrial policy, 28–31; and Johnson, Harry, 28–29; and neoliberalism, 25–26, 27–31, 35, 36, 101, 144; and the new development orthodoxy, 25–26; and Pou, Pedro, 229; and price stability, 30–31; and Stiegler, George, 29; and Viner, Jacob, 28–29
- Chile: and the 1980 Pinochet Constitution, 181–84, 200, 202, 220, 253–54, 256; and the ABIF (*Asociación de Bancos e Instituciones Financieras*), 96; and accountability, 202, 223; and the AFPs (private pension fund administrators), 150n8; and agriculture, 65, 86, 86n, 173–74; and Allende, Salvador, 1, 87, 95, 139, 140, 143, 150; and alternative political projects, 201–2, 220–23; and Angelini (business group), 145, 147, 149; and ASEXMA (association of exporters of manufactures), 223n; and ASOEX (association of exporters of primary products), 223n; and authoritarian enclaves, 183, 198, 203, 253–54; and authoritarianism, 88, 183, 198, 203, 213, 250, 253–54; and Aylwin, Patricio, 93–94; and Bachelet, Michelle, 95–97, 198n, 203, 243, 261; and balance of payments, 96, 243; and basic freedoms, 214; and the budget, 140n, 181–82, 183–84, 237–38, 243; and bureaucracies, 84; and CAP (*Compañía de Aceros del Pacífico*), 146–48; capital account of, 88, 144n; and capital controls, 93–96, 221, 221n, 222; and the Chicago boys, 89, 144, 220; and Chilean business associations, 89, 95–96, 146, 151–52, 223; and civil liberties, 214; clusters policy of, 97, 151–52, 203; and CNIC (National Council for Innovation and Competitiveness) (*see* Chile, clusters policy); and



Chile (*cont.*)

Codelco (*Corporación Nacional del Cobre*), 140n; and the Christian Democratic Party, 92–93, 150, 199–200, 203, 221; and commodity boom in Chile, 95; and communism, 1, 180, 198n, 261; and *Compañía Papelera*, 143n, 145; and the *Concertación* coalition, 93–95, 97, 132, 148–51, 181, 198, 198n, 199, 201–3, 220–21, 223, 243–44, 247, 256, 261; and conservatism, 150, 180, 199, 243; Constitutional Tribunal of, 181, 183, 203–4, 211; and constitutions, 93, 180, 181–84, 202, 220–21, 223, 247, 253–54, 256; Constitutional Tribunal of, 181, 183, 201, 203–4; and Copec, 145; and CORFO (*Corporación para el Fomento de la Producción*), 94, 97, 143, 151, 300; and corporatism, 85–87; and COSENA (Council of National Security), 182–83; and CPC (*Confederación de la Producción y el Comercio*), 89, 96; and credit, 94–96, 144–45; and Cruzat–Larraín (business group), 144–47; and debt, 88–89, 145; and decrees, 151; and deregulation, 85–86, 89, 140n, 144, 150–51; and dictatorship, 1–3, 68, 85–90, 92–93, 105, 140, 143–49, 181–83, 198, 213, 220, 261–62; Dutch disease in, 95; and Edwards (business group), 144; and electoral laws, 148, 177, 181–83, 182n, 198–203, 212–15, 253–54; and elites, 92; and employment, 234–35, 243, 264; and exchange rates, 86, 89, 93, 96, 144, 217, 220–23; and executive power, 177, 181, 182–83, 202–3, 214–15, 223; and exports, 86n, 88–90, 92–97, 145–46, 221–23; and FDI (foreign direct investment), 93, 150; and Fernández León (business group), 147; and the FIC (National Fund for Innovation and Competitiveness), 97, 244; and fiscal policy, 89, 96, 221, 237–38, 242–44, 246–48; and Frei, Eduardo, 93–94; and Guzmán, Jaime, 181, 199–200; and Hurtado Vicuña (business group), 147; and the IMF (International Monetary

Fund), 89, 133; and industrialization, 85, 146, 148; and inflation, 22, 85, 88–89, 93, 96, 202, 222, 264; and industry, 65, 86–87, 92, 94, 96, 97, 140, 140n, 144–45, 146–47, 151, 201, 223, 232–33; and Inforsa, 145; and the Initiative for the Americas, 94n; and international pressures, 89, 94, 95n, 133; and Kast, José Antonio, 261–62; and labor unions, 88, 256; and Lagos, Ricardo, 95–96, 150–51, 198n, 199–200, 203, 203n, 243; and Larraín–Vial (business group), 147; and the Law on Fiscal Responsibility, 222–23, 243; and Luksic (business group), 145, 151, 203; and Matte (business group), 145 (see also *Compañía Papelera*); and Menéndez (business group), 145, 147; and the military, 1–2, 85–90, 105, 143–48, 181–84, 198, 220–21; and mining, 65, 97, 140, 140n, 150–52, 183, 203, 244, 248; and the mining royalty and tax, 94n10, 97, 150–51, 203, 244, 248; and organic constitutional laws, 201–2, 220–21; pension system of, 10, 150n8; and Pinochet, Augusto, 1–2, 87, 89, 92, 133, 140, 143–46, 148, 152, 173, 182, 182n, 183n3, 183n4, 198, 200, 203n, 214, 220, 249, 253–54, 256, 261–62; and Piñera, Sebastián, 151, 261; and populism, 258, 260–62, 264; and the PPD party (*Partido por la Democracia*), 95, 221; and referendums, 2, 181–82, 182n; and the Republican Action party, 261; and shock therapy, 85; and SQM, 146, 148, 151, 203; and social movements, 260, 261, 264–65; and socialism, 92, 95–96, 150–51, 180, 199–200, 222–23, 243, 261–62; and the Socialist Party, 92, 95–96, 150, 151, 180, 199–200, 203, 222–23, 243, 261; and Sommerville, Hernán, 96, 151; and stabilization funds, 238, 244; and state ownership, 139, 140, 143–45; supermajority thresholds in, 183, 183n3, 200, 203, 220, 244; Supreme Court of, 182, 183, 183n, 184; and technocrats, 85, 89, 94, 96, 144, 146; and transitions, 92–94, 144, 149,

- 181–84; and the UDI Party (*Unión Demócrata Independiente*), 92–93, 95, 146, 150–51; and Vial (business group), 144, 147; and vetoes, 181, 183, 199, 201–2, 203–4, 214, 221n; and Yaconi–Santa Cruz (business group), 149. *See also* Chilean Central Bank
- Chilean Central Bank, 85–86, 93, 144, 150, 183, 217–23; and alternative political projects, 201–2, 220–23; and businesses, 85–86, 223; charter of, 220–23; and the Chicago Boys, 220; and competitiveness, 221–23; and employment, 223; and exchange rates, 93, 217, 220–23; independence of, 217–20, 150, 220–23, 246–47; and inflation, 222; mandate of, 220–23; monetary policy council of, 220, 220n, 221, 221n, 222; organic constitutional law of, 201–2, 220–21; and price stability, 220–23; and the promotion of domestic industry, 221, 223; strategic appointments to, 220–21; and vetoes, 221n. *See* central banks
- Chilean Constitutional Tribunal, 181, 183, 201, 203–4
- Chilean Supreme Court, 182, 183, 183n, 184
- citizenship, and alternative political projects, 194–95, 197; and constituencies, 194; and constitutions, 186, 186n9, 187, 187n11, 191; and electoral laws, 186, 186n9, 187, 190–97, 212–13, 253–54; and Estonia, 117–18, 121, 186, 186–7, 191, 192n, 194–95, 197; and *democraduras*, 46; and democracy, 46, 267; and representation, 117–18, 186–87, 191, 194–95
- civil liberties. *See* basic freedoms; political freedom
- Clarín (business group), 157
- class, 6, 7, 80, 161; business, 13, 52n, 55, 61, 83, 105, 119, 167; capitalist, 19–20, 62, 83; and class relations 6; lower, 14–15, 43n, 98, 113, 180, 207–8; and majority rule, 34; middle, 14–15, 90, 207–8; and neoliberalism as transnational class project, 6, 7, 19–20; proprietor, 33, 42, 161, 162; transnational capitalist, 19–20; working, 14–15, 43n, 98, 113, 180, 207–8
- clientelism: in Argentina, 204; in Poland, 169. *See also* corruption; cronyism; patronage
- CNIC (National Council for Innovation and Competitiveness). *See* Chile, clusters policy of; Chile, and the mining royalty and tax; Chile, and FIC (National Fund for Innovation and Competitiveness)
- Codelco (*Corporación Nacional del Cobre*), 140n
- collective farms, 117, 162, 225. *See also* agriculture
- collectivism, 27
- Colombia, 22, 257
- commodities: and commodity boom in Chile, 95, 222; and Eastern Europe, 21–22; and exchange rates, 72–73; and fiscal rules, 237; and global commodity chains, 21–22; and Latin America, 21–22. *See also* industry
- Common Agricultural Policy (CAP), 108–9, 121, 122
- communism: and the Czech Republic, 22; and Chile, 1, 180, 198n, 261; and Eastern Europe, 105, 137–38, 141, 166, 176–77, 179–80, 185; and Estonia, 106, 118–19, 131, 141, 186–87, 192, 194–95; decommunization, 179–80, 180n; and lustration, 23, 176–77, 179–80, 188–89, 209–10, 212; and Poland, 105–10, 112–13, 125, 128, 130–31, 133, 137, 141, 162, 166–67, 188–89, 209–11, 213, 231; transition from, 22, 43, 105, 107, 141, 162, 180. *See also* anti-communism
- Compañía Papelera*, 143n, 145
- comparative advantage, 28, 60, 64, 64n7, 65–66, 97. *See also* RCA Index (Index of Revealed Comparative Advantages)
- competitiveness, 28, 80, 203, 244; and the Chilean Central Bank, 202, 221–23; and the BCRA (Argentinean Central Bank), 228, 230; and capital controls, 95; and

- competitiveness (*cont.*)  
     exchange rates, 56–59, 68–71, 113, 123, 125, 132, 230, 232, 234; and industrial policy, 114; and the NBP (Polish National Bank), 232, 234; and the Washington Consensus, 60
- conservatism: and Argentina, 102; and businesses, 13; and Chile, 150, 180, 199, 243; and democracy, 38, 180; and Estonia, 107, 123–24, 239–40, 260; fiscal, 49, 75, 239–40, 241–42, 243; and majoritarianism, 38; and neoliberalism, 209–10, 260; and Poland, 110–11, 128n, 167, 188, 209, 241–42; and populism, 111, 125, 188, 209
- constituencies, 13, 36–38, 40, 48, 109, 194, 205n27; and alternative political projects, 39–40, 77, 174–75, 194; business, 13, 38, 77, 174–75; and citizenship, 194; and democracy, 13, 36–37, 37n; domestic, 40; and power resources, 174–75; and representation, 13, 36–38; responsiveness to, 36–37, 37n, 39–40, 174–75; and the tyranny of the majority, 33, 37–38
- The Constitution of Liberty* (Hayek), 33, 258
- constitutions, 14; 1922 Constitution of Estonia, 187; 1992 Constitution of Estonia, 116–17, 187, 191, 239; 1992 “Small” Constitution of Poland, 190, 241n20, 256; 1980 Pinochet Constitution (Chile), 181–84, 200, 202, 220, 253–54, 256; 1997 Constitution of Poland, 241–42; and alternative political projects, 93, 203, 203–4, 253–57; and Argentina, 180, 181, 184–85, 190, 205; and the Argentinean Supreme Court, 181, 185, 205, 206, 208, 228–29, 231; and authoritarian enclaves, 183, 198, 203, 253–54; and the BCRA (Argentinean Central Bank), 227–30, 256; and BOE (Bank of Estonia), 239; and budgets, 183–84; and central banks, 14, 47, 48, 49–50, 183, 202, 183n3, 216–18, 220–21, 223, 233–36, 239, 241, 241n, 247, 257; and Chile, 93, 180, 181–84, 202, 220–21, 223, 247, 253–54, 256; and the Chilean Supreme Court, 182, 183, 183n, 184; and the Chilean Central Bank, 183, 183n3, 202, 220–21, 223, 256; and the Chilean Constitutional Tribunal, 181, 183, 201, 203–4; and citizenship, 186, 186n9, 187, 187n11, 191; and constitutional constraints, 34–36, 178, 203, 217; and constitutional design, 2, 26, 33–34, 176–92; and constitutional engineering, 178–79; and constitutional reform, 26, 33, 208; and democracy, 2, 31, 33–34, 36–38, 178–80, 181–90, 253–57; and democratic consolidation, 179, 181, 190, 254; and democratic transitions, 176–79, 181, 187, 189, 190, 254; and Eastern Europe, 178, 180, 185, 256–57; and electoral laws, 37n, 178–84, 187–88; and Estonia, 116–17, 181, 186–87, 191, 239, 247; and exchange rates, 23, 216–18, 220–21, 223, 233–36, 247; and the executive, 178–79, 181–84, 184n, 185, 185n6, 187, 189–90, 205, 205n24, 206, 208, 211–12; and extremism, 178; and fiscal rules, 14, 47, 48, 49–50, 116, 216–18, 239, 241–43, 254–55; and industrial policy, 23, 216–18; and Latin America, 178, 180, 185, 256–57; and lustration, 179–81, 186, 188–89, 209–10; and majoritarianism, 33, 181–83, 187–88, 253–54, 253–54; and monetary policy, 49; and the NBP (Polish National Bank), 233, 233–36; and organic constitutional laws, 183, 202, 220, 229; and plebiscites, 2, 181–82, 182n, 191, 226; and Poland, 181, 187–90, 211–12, 233–36, 241–43; and Poland’s Constitutional Tribunal, 211, 241n20, 262; and policymaking, 34–36, 47, 49–50, 179, 180–83, 183n3, 190, 203, 216–18, 247, 253–57; and populism, 178, 215n; and the pre-war constitution of Estonia, 187; and protected/tutelary democracies, 181; and referendums, 2, 181–82, 182n, 191, 226; and representation, 33, 47, 93, 179–82, 185, 186–87, 190, 253–57; supermajority thresholds in, 183,

- 183n3, 200, 203, 220, 244; and vetoes, 179, 181, 183, 205; and the Virginia School, 26, 33–36
- consumers, 14–15, 28, 30, 54
- Copec, 145
- CORFO (*Corporación para el Fomento de la Producción*), 94, 97, 143, 151, 300
- corporate governance, 169, 170n
- corporatism, and alternative political projects, 42–43, 85–88; and Argentina, 85–88, 90; and Chile, 85–87; and coalition-building, 42–43, 85–88; and labor unions, 42–43; military, 85, 87, 88, 90; and neoliberalism, 85–88. *See also* social dialogue
- corruption: and the “corrupt elite,” 257; and democracy, 46; and government interventionism, 41; and Poland, 128; and populism, 257; and privatization, 42; and state-ownership, 41. *See also* clientelism; cronyism; patronage; rent-seeking
- COSENA (Council of National Security), 182–83
- coup d’état, 1–2, 86, 143. *See also* democracy, and democratic breakdown; military, takeover by the
- CPC (*Confederación de la Producción y el Comercio*), 89, 96
- credit: and Argentina, 104, 154, 158, 158n, 227, 231; and central banks, 224–25, 227, 231; cheap, 225; and Chile, 94–96, 144–45; contraction of, 225; consumer, 96; and credit incentives, 55, 58, 114; and discretionary government interventionism, 108–9, 224–25; and Estonia, 224–25; and export credit insurance, 114; and external creditors, 154, 158n; and financial repression, 30–31; and the financial sector, 94–95, 144–45; and industrial policy, 55, 94–95, 104, 108–9, 114, 158, 244–45; and neoliberalism, 31, 114; and new developmentalism, 104, 108–9, 158; and Poland, 108–9; and power resources, 94–95, 144–45; productive, 231; and privatization, 144–45; subsidized, 55, 104, 158
- cronyism, 41, 42. *See also* clientelism; corruption; patronage; rent-seeking
- Crouch, Colin, 9n6
- Cruzat–Larraín (business group), 144–47
- Cukierman Index, 69
- Czech Republic, 22
- Dados, Nour, 9
- Dahl, Robert A., 34
- de Andraca, Roberto, 148
- debt: and Argentina, 88–89, 91, 99n, 103, 133, 137, 155, 155n, 157–58, 206–7, 228, 231, 238, 245, 263n; alleviation of, 89, 91; and alternative political projects, 157–58; and balance of payments, 54; and bankruptcy, 148, 225; and business power, 88–89; and Chile, 88–89, 145, 238; and debt ceilings, 111, 241–42; and debt-equity swaps, 170; and debt thresholds, 238, 241, 242; default on, 133; and Eastern Europe, 137, 238; and Estonia, 122, 160n, 163, 238, 240; and exchange rates, 54; and finance, 88, 145, 150; and fiscal rules, 48–49, 237, 240, 241–42, 245; and industrial policy, 112; and Latin America, 137, 238; and nationalization, 145, 150; and neoliberalism, 48–49, 54, 88–89, 91; and Poland, 112, 137, 168, 170, 238, 241–42; and privatization, 145, 150, 155n, 160n, 163, 170
- decommunization, 179–80, 180n. *See also* lustration
- deflation, 22, 60, 164–65, 227, 229
- de la Cuadra, Sergio, 148
- de la Rúa, Fernando, 102–3, 206, 229–30, 244
- delegation of policymaking, 14, 35, 38, 46, 48; and accountability, 49, 216, 246; and alternative political projects, 216–17, 246–48, 254–55; and central banks, 14, 48, 246, 246–48, 254–55; and democracy, 49, 216, 246, 255; and executive power, 185, 190, 205n26; and fiscal rules, 35, 246, 246–48, 254–55; and representation, 38, 49, 246;

- delegation of policymaking (*cont.*)  
 and neoliberal resilience, 14, 35, 48, 216,  
 246–48; and the Virginia School, 35
- democracy: and accountability, 46, 50, 206,  
 216, 251, 246, 264; and alternative political  
 projects, 36–37, 38, 47, 84–85, 250–65; and  
 Argentina, 3, 85, 88, 90, 105, 153–54, 174,  
 184, 185n, 204–6, 212–15, 253–56, 250–60,  
 262–66; and authoritarian backlashes, 2,  
 44, 84, 254; and authoritarian enclaves,  
 181–83, 198, 203, 213–14, 220, 221, 253–54,  
 256; and the capitalist “market prison,”  
 252; and central banks, 216–18, 220–21,  
 246, 248; and checks and balances, 34,  
 37n, 38, 261, 264; and Chile, 1–2, 3, 85, 92,  
 97, 105, 132, 146, 149, 152, 175, 181–84, 212–  
 15, 220, 243, 249–50, 252–56, 258, 260–62,  
 264; and citizenship, 46, 267; and compe-  
 tition, 4, 36–37, 46, 176, 213–15, 258; and  
 conservatism, 38, 180; and constituen-  
 cies, 13, 36–37, 37n; and constitutions, 2,  
 31, 33–34, 36–38, 178–80, 181–90, 253–57;  
 constrained 3, 4, 12, 20, 24, 26, 35n, 40,  
 45–46, 181, 182–84, 217, 250, 252; and con-  
 testation, 4, 36–37, 46, 176, 213–15, 258;  
 and corruption, 46; crisis of, 4, 15, 259;  
 and decommunization, 179–80; and dele-  
 gation of policymaking, 49, 216, 246, 255;  
 delegative, 204–6, 208, 213–14, 254; and  
*democradura*, 45–46, 46n11, 176, 178, 190;  
 and democratic backsliding, 3n, 4, 215,  
 250; and democratic breakdown, 1, 178,  
 180 (*see also* coup d'état; military, take-  
 over by the); and democratic capitalism,  
 13, 24, 267; and democratic consolida-  
 tion, 38, 44–46, 83, 84, 106, 179, 190, 254;  
 and democratic deficits, 24, 48, 258; and  
 democratic erosion 3–4, 5, 14–15, 23, 38,  
 49, 51–52, 175, 215, 246; and democratic  
 hollowing 4n2, 9, 14–15, 49, 51–52, 215,  
 250, 258; and democratic institutions,  
 3–4, 12, 36–38, 176, 190, 215, 252–53, 255;  
 and democratic legitimacy, 36–37, 45n;  
 and democratic polity, 7, 14, 26, 31, 252;  
 and democratic stability, 24, 37, 44–45,  
 178, 180, 215; and democratic transitions,  
 2, 12, 43–46, 84, 105, 132, 137, 149, 153–54,  
 176, 204, 243; and democratic values, 9,  
 44, 130; and democratization, 2, 45–46,  
 83, 88, 90, 92, 97, 105, 132, 149, 152, 153–54,  
 174, 181, 184, 190, 204, 212–13, 243, 254;  
 and Eastern Europe, 3, 12, 43, 105, 106, 135,  
 137, 176, 178, 185, 252, 249–50, 256–57, 266;  
 and economic liberalization, 43–45, 45n;  
 and electoral choice, 46, 179; and elec-  
 toral laws, 179, 187, 198, 200, 204, 212–15,  
 253–54; and Estonia, 3, 212–15, 252–55,  
 258–61, 264–65; and ethnic politics, 16,  
 185–86, 212–13, 254, 260–61; and ex-  
 change rates, 216–18, 246, 248; and ex-  
 tremism, 37; and fiscal policy, 48–49,  
 216–18, 243, 246, 248; and free markets, 3,  
 34; future of, 4, 9, 24; and Hayek, Fried-  
 rich, 2, 27; liberal, 1, 9, 13–15, 130; illiberal,  
 214–15, 266; and the IMF (International  
 Monetary Fund), 35n; and industrial pol-  
 icy, 216–18, 243, 246, 248; and institu-  
 tional design, 3, 21, 178; and international  
 pressures, 2, 35n, and Latin America, 3,  
 12, 43, 83, 84, 131, 135, 137, 176, 176–78, 185,  
 249–50, 252, 256–57, 264n; limited, 24, 26,  
 45–46, 176, 183, 258, 267; and Linz, Juan,  
 38; and lustration, 179–80, 188, 210, 262;  
 and majoritarianism, 32–33, 251 (*see also*  
 majoritarianism); market conforming,  
 38; mass, 3; maximalist and minimalist  
 definitions of, 37; and mixed economies,  
 37–38; normative dimension of, 37, 258;  
 and O'Donnell, Guillermo, 45–46, 249;  
 output legitimacy of, 36–37, 264; and Po-  
 land, 3, 187–89, 212–15, 253–56, 259–60,  
 262–65; and policymaking, 4, 7, 12, 26, 35,  
 36–38, 44, 47, 49, 212–15, 220, 246; and  
 political participation, 249; and popu-  
 lism, 4–5, 24, 250, 257–67; post-, 38, 216;  
 and power alternation, 36–38, 105, 177;  
 and privatization, 42, 138, 146, 149; proce-  
 dural dimension of, 37n, 258; protection

- of neoliberalism from, 3 3n, 27, 32–33, 35–36, 45–46, 47, 250; and Przeworski, Adam, 37; and public opinion, 43–44; and representation, 3, 4, 9, 12–13, 15, 32–33, 36, 37, 37n, 38, 44, 48, 49, 84, 90, 175–76, 185–86, 90, 212–15, 216–17, 246, 251–52, 253–54, 258, 259, 264, 264n; and responsiveness, 36–37, 37n, 39–40, 44, 48, 175, 201, 258; and rules of democratic game, 7, 12, 23, 26, 32–33, 35–36, 45n, 46, 47, 130, 176–77, 212, 217, 253, 266; and Schmitter, Philippe C., 45–46; and shock therapy, 45, 250; and Slobodian, Quinn, 3; and Stepan, Alfred, 38; tutelary, 181, 183, 213, 254; and the tyranny of the majority, 33–34, 37–38; unlimited, 2, 33; and Von Mises, Ludwig, 27; and the Virginia School, 33–34, 36–37
- Democracy in Deficit: The Legacy of Lord Keynes* (Buchanan and Wagner), 258, 280
- deregulation, 42–44; and Argentina, 85–86, 98, 206–7; and Chile, 85–86, 89, 140n, 144, 150–51; and employment, 42–44; financial market, 6, 30; and financial repression, 30–31; and free markets, 6, 40, 89; and J-curve, 43–44; labor market, 42–44, 206–7; and neoliberalism, 6, 27–31, 40, 43–44, 51, 89, 98, 144, 150–51; and productivity, 43–44; and Stiegler, Georg, 29; and theory of regulatory capture, 29; and theory of the “rent-seeking society,” 29–30
- Deutsche Bank, 266, 308
- development: and the Chicago School, 25–26; and comparative advantage theory, 28, 60, 64, 64n7, 65–66, 97; and the development orthodoxy, 10, 22, 28–29, 31, 59, 112, 115, 121, 132, 145, 152; and development theory, 28–29, 30–31, 41; and Friedman, Milton, 27–28; and Hirschman, Albert, 28; and ISI (Import Substituting Industrialization), 41, 60, 85, 137n, 158; and less developed economies, 6, 10, 26, 28, 30–31, 41, 48, 53–54, 61, 63n, 80, 137, 237, 250; and Lewis, Arthur, 28; models of, 10, 13, 16, 20, 27–31, 37, 51, 54–55, 60, 85, 119, 132, 137, 262; and neoliberalism, 25–26, 28, 31, 36, 51, 52, 54, 60, 81, 93, 131–32, 173, 247, 260; and new trade theory, 28–29; and Prebisch, Raul, 28; and Rosenstein-Rodan, Paul, 28; and state-owned development banks, 30, 112, 129, 169; and support for democracy, 43–44; and theory of regulatory capture, 29; and theory of the “rent-seeking society,” 29–30; and transnational integration regimes, 19, 21–22, 83, 114, 133, 237; and underdevelopment, 10, 28; and the Virginia school, 25–26; and the Washington Consensus, 41, 60; and the World Bank, 28
- dictatorships: Argentinean dictatorships, 68, 85–92, 93, 98, 105, 152–53, 174; and alternative political projects, 84–85, 85n2, 86–92, 105, 146, 148–49, 153, 253; and authoritarian enclaves, 181–83, 198, 203, 213–14, 220, 221, 253–54; Brazilian military dictatorship, 266; and businesses, 84–92, 105, 143–49, 152–53, 253; and the Chicago boys, 89, 98, 99n, 101, 144, 220, 229; Chilean dictatorship, 1–3, 68, 85–90, 92–93, 105, 140, 143–49, 181–83, 198, 213, 220, 261–62; and democratic transitions, 84–85, 89–92, 137–41, 149, 153, 181–83, 213; and *dictablandas*, 46n11; and exchange rates, 85, 86, 88–92; and Hayek, Friedrich, 1; and industrial policy, 85–92; and ISI (Import Substituting Industrialization), 85; and Latin America, 83–85; military, 1–2, 84–91, 105, 138, 143–48, 152–53, 180–84, 213; and neoliberalism, 83–92, 93, 98, 137, 141, 143–49, 152–53; and O'Donnell, Guillermo, 84; and Pinochet, Augusto, 1–2, 87, 89, 92, 133, 140, 143–46, 148, 152, 173, 182, 182n, 183n3, 183n4, 198, 200, 203n, 214, 220, 249, 253–54, 256, 261–62; and power resources, 85–87, 90, 144–49, 152–53, 253; and privatization, 85, 92, 140, 137–41, 142–49, 152–53, 174; and repression, 1,

- dictatorships (*cont.*)  
 2, 84, 85n3; and shock therapy, 85; and state retrenchment, 85; and technocracy, 84, 85, 89, 144
- Drahokoupil, Jan, 164
- Duhalde, Eduardo, 103–4, 230
- Dutch disease, 95
- Eastern Europe: and the 2007–2008 financial crisis, 20; and agriculture, 66; and alternative political projects, 20; and anti-communism, 176–77, 179–80, 185; and austerity, 124, 240, 260; and authoritarianism, 178, 190; and central banks, 105–6, 218–19, 232; and communism, 105, 137–38, 141, 166, 176–77, 179–80, 185; and constitutions, 178, 180, 185, 256–57; and debt, 137, 238; and democracy, 3, 12, 43, 105, 106, 135, 137, 176, 178, 185, 252, 249–50, 256–57, 266; and economic crises, 20, 22, 45n, 51; and electoral laws, 177, 185; and elites, 20, 178; and employment, 10; and fiscal policy, 237–38; and industrialization, 10, 41; and international financial institutions, 19; and international pressures, 20–21, 120–21; and liberalization, 21, 43; and lustation, 23, 212; and mining, 131; and populism, 16; and privatization, 42, 51, 135, 137–38, 141; and socialism, 41; and social movements, 10, 16; and state ownership, 41, 135; and transitions, 12, 43, 45n, 105, 137–38, 141, 162, 166, 178–80, 185, 254
- EBRD Transition Indicators, 10n
- ECOFIN (European Commission's Economic and Financial Affairs Directorate), 242n23
- economic crises: 2007–2008 financial crisis, 4, 5, 8, 20, 22, 25, 63n, 104, 123, 130, 132, 164–65, 173, 227, 240–41, 246, 248, 257, 260–62, 263; Argentinean financial crisis of 1981, 86, 88, 90; Argentinean financial crisis of 2001–2002, 133, 138, 158, 174, 230, 245, 262, 263n; Argentinean hyperinflationary crisis of 1989, 91, 98, 154; Asian crisis of 1997–1998, 95, 120, 222–23, 243, 246; Chilean financial crisis of 1982–1983, 88–89; European debt crisis 8; Estonian production crisis in the countryside, 162; Estonian banking crisis of 1992, 120, 225, 246; Southern cone of Latin America financial crisis of 1981–1983, 10, 51, 86, 88–90, 92–93, 96, 139, 145, 146, 152, 174; Great Depression, 26, 30, 41; Great Recession, 257; Mexican default of 1982, 10, 51, 88; Mexican Tequila Crisis of 1994–1995, 51, 101–2, 101n, 102–4, 133, 157, 228; Ruble zone crisis of 1992, 118; Russian crisis of 1998, 51, 126–27, 163–64, 120, 122, 126, 162–64, 222, 226, 239, 240–41, 246, 248
- economic freedom, 2, 10, 10n, 11, 27–28, 32, 32n, 33, 35, 36, 38; and Friedman, Milton, 28, 32n; and Hayek, Friedrich, 32–33; and political freedom, 32n, 38; and majoritarianism, 32–34; and the Virginia School, 32–33, 36. *See also* Economic Freedom of the World Index; Index of Economic Freedom
- Economic Freedom of the World Index, 10n
- economic nationalism, 128, 265–66. *See also* economic patriotism
- economic patriotism, 130, 263. *See also* economic nationalism
- economic stagnation, 105, 127–28
- Edwards (business group), 144
- Elcoteq, 163
- electoral franchise, 178; and disenfranchisement, 191; and electoral laws, 178, 191; and Estonia, 181, 191, 213, 260; and ethnic politics, 178, 181, 191, 213, 260; restricted, 181; of Russian minority in Estonia, 191, 213, 260
- electoral laws, 23, 176–77, 178–79, 181–87, 212; and alternative political projects, 112–13, 118n, 121, 123, 176–77, 181–82, 184, 192–97, 201–3, 208–9, 212–15, 253–54; and Argentina, 177, 181, 184, 204, 212–15; and the binominal system of Chile, 181–83, 198–201, 203, 253–54, 261; and Chile, 148,



- 177, 181–83, 182n, 198–203, 212–15, 253–54;  
and citizenship, 186, 186n9, 187, 190–97,  
212–13, 253–54; and coalition building,  
191, 197, 198–203, 213; and constitutions,  
37n, 178–84, 187–88; and democracy, 36–  
38, 179, 187, 198, 200, 204, 212–15, 253–54;  
and district gerrymandering, 182, 182n,  
253; and Eastern Europe, 177, 185; and  
electoral alliances, 187; and electoral en-  
gineering, 181–82, 187, 200, 204, 208, 212,  
213; and electoral franchise, 178, 181, 191,  
213, 260; and electoral systems, 13, 112–13,  
178–79, 181–85, 187–88, 192, 198–201, 203,  
204, 212, 261; and Estonia, 117–18, 121, 177,  
181, 186–87, 190–97, 212–15, 260, 253–54;  
and ethnic politics, 121, 123, 179, 186, 190–  
97, 212–13, 253–54; and franchise exten-  
sion, 178; and Hibbs, Douglas A., 37; and  
institutional design, 177, 179, 253; and  
Latin America, 185; and majoritarianism,  
112–13, 181–82, 187–88, 198–99, 200; and  
neoliberalism, 13, 36–38, 46, 112–13, 118n,  
148, 176–77, 181–82, 192–97, 201–3, 204,  
208–9, 212–15, 253–54; and Poland, 112–  
13, 177, 181, 187–88, 208–9, 212–15; and  
policy change, 36–38; and policy out-  
comes, 3, 179, 192–96, 201–3, 212–15; and  
political moderation, 181–82, 200; and  
political participation, 46; and political  
parties, 179, 182–88, 191–97, 198, 200–203,  
204, 208–9; and power alternation, 36–  
38; and power resources, 177, 191, 199–  
200; proportional, 181–82, 186, 188, 208–9,  
261; and representation, 13, 23, 36, 176–77,  
180, 181–88, 190–92, 192–97, 198–203, 204,  
208–9, 212–15, 253–54, 261; and Tufte, Ed-  
ward Rolf, 37; and vetoes, 177, 183, 199,  
201–2, 213–14; and voters, 36, 113, 119; and  
vote thresholds for seat allocation, 182,  
184, 198–200, 204, 208–9
- elites: agribusiness, 266; and alternative po-  
litical projects, 20, 26, 201, 217, 265; and  
Argentina, 153; business, 26, 48, 92; and  
Chile, 92; and coalition-building, 16, 26,  
92, 201, 217; communist, 22; and the “cor-  
rupt elite,” 257; and democracy, 22; and  
Eastern Europe, 20, 178; and Estonia, 22,  
121, 186; indigenous, 186; landed, 153; and  
Latin America, 178; new democratic, 22;  
parliamentary, 201; and Poland, 22, 187–  
88; political 16, 178, 187–88, 217; and pop-  
ulism, 257, 265; and representation, 178,  
186, 187–88, 201, 257, 265; and the rise of  
neoliberalism, 15–17
- employee self-management, 167–68
- employment: and alternative political proj-  
ects, 10, 110, 117, 193–94, 222–23, 234–35;  
and Argentina, 88n, 101, 245; and Chile,  
234–35, 243, 264; and the Chilean Cen-  
tral Bank, 223; and businesses, 13, 67, 148;  
and central banks, 48; and deregulation,  
42–44; and Eastern Europe, 10; and Es-  
tonia, 116–17, 124, 141, 186n8, 193–94; and  
exchange rates, 48; and industrial policy,  
110, 117; and Latin America, 10; and mon-  
etary policy, 48, 223, 235; and the NBP  
(Polish National Bank), 234–35; and neo-  
liberalism, 10, 101, 109; and Poland, 109–  
10, 141, 234–35, 262; as policy goal of cen-  
tral banks, 48, 223, 234–35; and populism,  
264; and privatization, 141; and protec-  
tionism, 74, 110, 117; and shock therapy,  
116–17; and state-ownership of compa-  
nies, 141; and unemployment, 10, 101,  
114n, 124, 193–94, 243; and welfare, 13
- EOI (Export–Oriented Industrialization),  
137n
- EP (business group), 129
- epistemic communities, 28
- Epstein, Rachel A., 231
- Enterprise and Bank Restructuring Act  
(Poland), 112
- Ericsson, 163
- Esping-Andersen, Gosta, 74
- ESSR (Estonian Soviet Socialist Republic),  
107n21
- Estonia: 1922 Constitution of, 187; 1992  
Constitution of, 116–17, 187, 191, 239; and

Estonia (*cont.*)

- the 1992 Estonian Citizenship Law, 117–18, 186–87, 191, 191n, 192n, 194–95, 197; and the 1993 Estonian Law on Aliens, 187; and the 2007–2008 financial crisis, 123, 130, 164–65, 173, 227, 240–41, 246, 248, 260–61; and accountability, 261; and agriculture, 66, 108–9, 116, 117, 120, 121, 122–23, 141, 161–62, 163, 166, 226, 239; and alternative political projects, 223–27; and anti-communism, 186; and the *Arengu-fond* (Estonian Development Fund), 123–24, 197, 240; and authoritarianism, 194; and autonomy, 106–7, 160; and austerity, 124, 240, 260; and bailouts, 118–19, 165, 225; and basic freedoms, 215, 261; and budget, 116, 123–24, 224–25, 237–38, 239; and capital flight, 40, 67 103–4, 174–75, 262–63; and checks and balances, 261, 262–63; and citizenship, 117–18, 121, 186, 186n9, 186n10, 187, 187n11, 191, 192n, 194–95, 197; and civil liberties, 215, 261; and the Coalition Party, 118–20, 196, 225–26, 239; and communism, 106, 118–19, 131, 141, 186–87, 192, 194–95; and conservatism, 107, 123–24, 239–40, 260; and constitutions, 116–17, 181, 186–87, 191, 239, 247; and the Country People's Party, 119–20, 192, 194, 196, 225–26, 239; and credit, 224–25; and debt, 122, 160n, 163, 238, 240; and democracy, 3, 212–15, 252–55, 258–61, 264–65; and Elcoteq, 163; and electoral franchise, 181, 191, 213, 260; and electoral laws, 121, 177, 181, 186–87, 190–97, 212–15, 260, 253–54; and elites, 22, 121, 186; and employment, 116–17, 124, 141, 186n8, 193–94; and the ESSR (Estonian Soviet Socialist Republic), 107n21; and the Estonian Communist Party, 106, 128, 186, 195; Estonian Social Democratic Party, 118, 123–24, 260; and Estonian Telekom, 124, 171, 240; and Estonia's Russian-speaking minority, 117–18, 186, 186n10, 187, 191, 192n, 194–95; and ethnic politics, 115–16, 117, 117n28, 117n29, 118–20, 121, 122n, 123, 131, 186–87, 190, 191, 192n, 193–97, 212–13, 254, 260; and the European Union, 121–26, 162–64, 226–27, 240, 260; and exchange rates, 116, 122, 196, 217, 223–25; and executive power, 177, 181, 187, 192, 197, 214–15; and exports, 120, 123, 125, 164; and farmers, 117, 119, 131, 161–62, 239; and FDI (foreign direct investment), 120, 122, 162–63, 165; and fiscal policy, 116, 225, 237–38, 239–40, 246–48; and the Green party, 123–24; and Ida-Viru County, 193–94; and the IMF (International Monetary Fund), 224, 224n, 239; and industry, 66, 117, 117n28, 120–21, 123, 142, 158, 163–64, 186n8, 193, 239; and inflation, 22, 118–19, 122, 124, 126, 196, 224–27, 240; and Inter-movement group, 107, 115–17, 117n29; and international pressures, 121–26, 132–33, 162–64, 224, 224n, 226–27, 239, 240, 260; and the Pro Patria party (*Isamaa*), 118–19, 122, 123–24, 192, 195, 197; and Kallas, Siim, 116, 118–19, 224–26; and the Center Party (*Keskerakond*), 118–20, 121–22, 122n, 123–24, 194–97, 226, 247, 260; and the KMÜ alliance (Secure Home alliance), 118–19, 196–97, 225–26, 239; and Laar, Mart, 118–19, 225; and labor unions, 117–18, 120, 255–56; and lustration, 181, 186; and military intervention, 115, 260–61; and mining, 66, 120; and minorities, 107, 117, 117n29, 117–19, 186–87, 190–92, 192–95, 212–13, 253–54, 260–61; and the Moderates party, 118–19, 195, 197; and monetary policy, 119, 128–29, 174–75, 224, 224n, 225–27, 239; and the National Independence Party, 118; and the PF (Popular Front), 115, 118, 159, 192; and populism, 121–22, 226, 258–61, 264–65; and the pre-war constitution of Estonia, 187; and privatization, 116, 118–20, 136, 139, 141–42, 159–66, 173–75, 240, 252–53; and referendums, 191, 226; and the Reform party (*Reformierakond*), 119–20, 121–24, 195, 196–97, 225–27, 239–40, 247,

- 260; and the Res Publica party, 122, 123–24, 195, 260; and the Russian-speaking minority in Estonia, 107, 117, 117n29, 118–19, 186–87, 190–91, 117–19, 186–87, 190–92, 192–95, 212–13, 253–54, 260–61; and Savisaar, Edgar, 115–16, 118, 120, 122n, 123, 197; and shock therapy, 116–20, 161; and social democracy, 118, 123–24, 260; and social movements, 115–17, 260, 264–65; and socialism, 107n21; and the SRF (Stabilization Reserve Fund), 239, and state ownership, 141, 142, 159, 159–60, 160n, 161, 163; and transitions, 115–16, 141, 186–87, 195, 212–13, 254; and the treasury, 196, 225–26; and vetoes, 177, 181, 187, 214. *See also* BOE (Bank of Estonia)
- Estonian Telekom, 124, 171, 240
- Etchemendy, Sebastián, 16, 98n15, 264n
- ethnic politics, 16; and Bohle, Dorothee, 16; and democracy, 16, 185–86, 212–13, 254, 260–61; and Estonia, 115–23, 131, 186–87, 190–97, 212–13, 254, 260; and electoral franchise, 178, 181, 191, 213, 260; and electoral laws, 121, 123, 179, 186, 190–97, 212–13, 253–54; and the European Union, 121; and Greskovits, Béla, 16; and lustration, 186; and neoliberalism, 15–16, 115–20, 190–92, 192–97, 260; and political parties, 115–20, 190–92, 192–97, 212–13; and power resources, 212–13; and representation, 186, 115–20, 190–92, 192–97, 212–13
- EU (European Union), 35n; accession to the, 16, 19, 105–6, 113, 120–34, 162–64, 226–27, 233–35, 237–38, 240, 241–42, 248; and alternative political projects, 120–34, 240–42; and budget, 127–28; and the Common Agricultural Policy (CAP), 108–9, 121, 122; and central banks, 105–6, 124–25, 226–27, 233–34, 241; and Chile, 95n; and ECOFIN (European Commission's Economic and Financial Affairs Directorate), 242n23; and the EMU (European Monetary Union), 105–6, 113, 121–22, 124–26, 128–30, 226, 240, 241, 260; and Estonia, 121–26, 162–64, 226–27, 240, 260; and ethnic politics, 121; and the European debt crisis, 8; and European integration, 83, 114; and euroscepticism, 127, 128, 226–27; and the Eurozone, 124, 125n, 260; and exchange rates, 105–6, 113, 226–27, 233–34; and fiscal policy, 105–6, 237–38, 240, 241–42, 248; and fiscal rules, 237–38, 240, 241–42, 248; and industrial policy, 105–6, 114, 240; and liberalization, 11, 19; and neoliberalism, 16, 19, 83, 105–6, 113–14, 120–34, 233–34, 240–42; and PHARE (Poland and Hungary: Assistance for Restructuring their Economies), 106; and Poland, 113–14, 128–30, 233–35, 241–42, 248; and SAPARD (Special Accession Programme for Agricultural and Rural Development), 106; and the Stability and Growth Pact, 238
- euro, 57, 227, 234, 258
- exchange rates: and agriculture, 86, 102, 131, 158, 170; and alternative political projects, 56, 61; and Argentina, 22, 23, 217–31; and the balance of payments, 54; and Broz, Lawrence, 53; and capital flows, 54–56; and central banks, 30, 47–48, 48–49, 69, 93, 217–36; and the Chicago School, 30–31, 99n, 101, 144; and Chile, 22, 23, 93, 217, 220–23; and competitiveness, 48, 54, 56–57, 58–60; and constitutions, 23, 216–18, 220–21, 223, 233–36, 247; and consumers, 53–54; and debt, 54; and development, 53–54; and dictatorships, 85, 86, 88–92; and employment, 48; and Estonia, 22, 23, 116, 217, 223–25; and the European Union, 105–6, 113, 226–27, 233–34; and exports, 53–54, 72–73, 92, 93, 101–2, 103–4, 111, 115, 125, 130, 131, 169, 221–23, 228, 231; and Flemming, Marcus, 31; and Frieden, Jeffrey A., 53; and Friedman, Milton, 30–31, 56–68; and the IMF (International Monetary Fund), 68–69, 99n, 101n, 224, 224n, 229, 235, 239; and imports, 53–54, 60; and industrialization, 60; and inflation, 30–31,

exchange rates (*cont.*)

54, 56–57, 60, 65, 69–70, 73–76, 90, 108, 113, 126, 196, 232, 234, 245; and inflation targeting, 56; and international pressures, 18n, 68–69, 99n, 101n, 104–5, 105–6, 113, 122–24, 125–31, 132–33, 224, 224n, 226–27, 229, 233–34, 235, 239; and labor unions, 104, 110, 158; and the MABP (Monetary Approach to the Balance of Payments), 31; and mining, 131; and MNCs (Multinational Corporations), 78; and monetary policy, 31, 56–60, 108, 113, 128, 221–22, 224–25, 227–31, 232–34, 254; and Mundell, Robert, 31; and Mundell-Flemming theorem, 31; and the capitalist periphery, 53–54; and Poland, 22, 23, 113, 217, 231–36; stabilization of 22, 30–31; and the trilemma of monetary policy in an open economy, 31; and wages, 53–54

executive power, 46, 177, 178–79, 212; and agenda-setting powers, 182; and alternative political projects, 13, 23, 177, 179, 192, 197, 202–3, 206–8, 210–12, 213–15, 223; and Argentina, 98, 177, 181, 184, 184n, 185, 185n, 190, 204–6, 206–8, 213–15; and coalition-building, 197, 214; and constitutions, 178–79, 181–84, 184n, 185, 185n6, 187, 189–90, 205, 205n24, 206, 208, 211–12; and Chile, 177, 181, 182–83, 202–3, 214–15, 223; and control of the budget, 181, 82; and delegation of policymaking, 98, 185, 189–90, 205n26; and delegative democracy, 204–6, 208, 213–14, 254; and Estonia, 177, 181, 187, 192, 197, 214–15; and exclusive initiative, 181, 182, 189, 202, 212, 223; and executive decrees, 179, 181, 184–85, 185n6, 205, 205n24, 26, 27, 206–8, 211, 229–31; and executive-legislative relations, 176–79, 182, 184–85, 187, 189–90, 202, 203, 205, 210–12, 213–14; and emergency or extraordinary powers, 98, 179, 184, 184n, 185, 211; and “fast-lane” congress approval, 181, 210–11; and fiscal policy, 206–7; and plebiscitarian appeals, 179; and Poland,

177, 181, 189–90, 210–12, 213–15; and privatization, 98, 184; and Supreme Court nominations, 205–6, 208; and representation, 13, 23, 192, 197–98, 202, 210–12, 213–15; and vetoes, 13, 46, 77, 177, 179, 187, 189, 205, 211–12, 214

exports, 28–29, 54, 64–65, 83, 137, 251; and Argentina, 88–89, 90–91, 92, 102, 104, 156–58, 206–7, 228, 231; and Chile, 86n, 88–90, 92–97, 145–46, 221–23; and exchange rates, 53–54, 72–73, 92, 93, 101–2, 103–4, 111, 115, 125, 130, 131, 169, 221–23, 228, 231; and Estonia, 120, 123, 125, 164; and EOI (Export-Oriented Industrialization), 137n; and fiscal rules, 237, 238; and free trade, 29; and industrial policy, 53–55, 57–58, 60, 89–91, 94, 97, 114–15, 123, 125, 127, 131, 146, 158, 169, 206–7; and PEEX (*Programas Especiales de Exportación*), 91; and Poland, 111, 114–15, 126–27, 130, 169; and privatization, 145, 164. *See also* RCA Index (Index of Revealed Comparative Advantages)

extraordinary politics, 105, 107, 116

Faletto, Enzo, 43n

Falkland Islands, 90, 184, 213

FDI (foreign direct investment), 58–60, 63n; and alternative political projects, 150; and Argentina, 156–57; and Chile, 93, 150; and Estonia, 120, 122, 162–63, 165; and industrial policy, 58–60, 78; and MNCs (multinational corporations), 78; and neoliberal resilience, 136, 150, 162–63, 164, 165; and power resources, 150, 156–57, 173; and privatization, 120, 136; and productivity, 78; and R&D (research and development), 59–60

Fernández, Alberto, 104–5

Fernández, Cristina, 104, 132, 133, 138, 208, 215n, 231, 245, 262–63, 264

Fernández León (business group), 147

FIC (National Fund for Innovation and Competitiveness), 97, 244. *See also* Chile,

- and the mining royalty and tax; Chile, clusters policy of
- finance, and credit, 94–95, 144–45; and debt, 88, 145, 150; and deregulation, 85–86, 89, 144, 150–51; and dictatorships, 85–89, 105, 137–41, 143–49, 153; and fiscal policy, 101; and foreign capital, 136; and inflation, 88; and labor unions, 101, 158; and political parties, 124–26, 128–31, 132, 150, 152, 235, 250–53; and privatization; 101, 136, 138, 139, 142–45, 147, 150, 152, 153–55, 157–58, 163, 164–65, 166, 169–72, 173–74, 252–53; and shock therapy, 85–86, 107, 113–14, 119–20; and technocrats, 89, 144
- fiscal policy, 14, 23, 31, 48–49, 55; and accountability, 49–50, 246; and alternative political projects, 50, 103–5, 113–14, 128, 133, 217–18, 239–48, 256; and Argentina, 91, 101, 103–4, 155n, 206, 227–28, 237–38, 244–46, 246–48, 256; and balanced budget rules, 49, 116, 237–40, 242–43, 245; and Chile, 89, 96, 221, 237–38, 242–44, 246–48; and commodities, 237; contractionary, 243; and “creative accounting,” 242; and debt, 48–49, 237, 240, 241–42, 245; and debt rules, 237–38, 240–42, 245; and delegation of policymaking, 35, 246, 246–48, 254–55; and democracy, 48–49, 216–18, 243, 246, 248; and democratic erosion, 49; and Eastern Europe, 237–38; and economic discretion of governments, 48–49, 60; and Estonia, 116, 225, 237–38, 239–40, 246–48; and the European Union, 105–6, 127–28, 133, 237–38, 240, 241–42, 248; and executive power, 206–7; and expenditure, 47–49, 101, 239–41, 241–42, 242–45, 248, 254–55; and expenditure rules, 47–49, 101, 237–45, 248; and exports, 237, 238; and fiscal conservatism, 49, 239–40, 241, 243; and fiscal constraints, 91; and fiscal deficits, 75, 89, 103, 227–28, 239, 242, 243, 244–45; and fiscal discipline, 60, 105–6, 225, 239, 243; and fiscal prudence, 243; and fiscal retrenchment, 116, 155n, 207; and fiscal rules, 14, 23, 47–49, 49–50, 91, 101, 103, 116, 237–38, 237n, 237–38, 238, 239–40, 241–42, 242–46, 246–48, 254–56; and fiscal surpluses, 104, 238, 239, 241, 243, 245, 254–55; formal, 237–38; and the “Great Moderation,” 61; and government interventionism, 48–49; and Hagen, Jürgen von, 49; and the IMF (International Monetary Fund), 31, 101, 224, 224n, 239, 245; and industrial policy, 47–48, 240, 242, 254–56; and inflation, 48; informal, 237–38, 243; and international pressures, 18n, 108, 127–28, 133, 224, 239, 237–38, 240, 241–42, 245, 248; and Latin America, 237–38; and Mundell–Flemming theorem, 31; and Poland, 108, 113–14, 127–28, 133, 237–38, 241–42, 246–48; and policymaking, 49–50, 217–18, 236, 240, 242, 243–44, 246–48; and representation, 49, 246–48; and revenue rules, 237, 238, 239–40, 243, 245; and speculative attacks, 49; and stabilization funds, 237–38, 243, 245; and the trilemma of monetary policy in an open economy, 31; and veto players, 49–50
- Flemming, Marcus, 31
- foreign exchange, 53–55, 57, 83, 225, 232, 245
- Fourcade–Gourinchas, Marion, 15–16
- France, 9n6, 171
- free markets, 3, 6, 27, 26–30, 32n, 40, 59, 85n, 92, 121, 176; and capital account liberalization, 30–31, 40, 67, 88, 144n; and democracy, 3, 32; and deregulation, 6, 40, 89; and economic freedom, 2, 10, 10n, 11, 27–28, 32, 32n, 33, 35, 36, 38; and export performance, 29; and financial repression, 30–31; and free market capitalism, 26; and free trade, 28–29, 43–44, 55, 93–94, 103, 115, 118, 122, 144, 192; and free society, 32; and Friedman, Milton, 2, 29, 32n; and government interventionism, 5, 27, 27n, 28–30, 51, 59; and industrial policy, 59–60; and market power, 27n; and the military, 85n; and oligopolization, 27n; and

- free markets (*cont.*)  
the theory of regulatory capture, 29; and  
theory of the “rent-seeking society,” 29–  
30, 41; transition to, 43, 176
- free trade agreements 94, 122; bilateral, 122,  
133; FTAA (Free Trade Area of the Amer-  
icas), 103; Mercosur (*Mercado Común del*  
*Sur*), 91, 94, 95n, 100, 100n, 103, 298;  
NAFTA (North American Free Trade  
Agreement), 93, 94, 94n9
- Frei, Eduardo, 93–94
- Frieden, Jeffrey A., 53, 59n
- Friedman, Milton, 2, 27–32, 32n, 56–58
- Garovaglio and Zorraquin (business  
group), 154
- Geneva School, 6–7, 26n, 35, 35n; and inter-  
national law and governance, 6–7, 26n,  
35, 35n; and neoliberalism as polity, 12, 14,  
22, 25, 27, 32–36; and Slobodian, Quinn,  
6–7, 26n, 35, 35n
- Georgia, 123n34
- Germany, 9n6, 156, 191n
- Gill, Stephen, 42, 47n13
- Gilowska, Zyta, 128n
- GK Enea SA, 172
- GK Energa SA, 172
- GK Grupy Lotos SA, 172
- GK Orange Polska, 172
- GK PGNiG SA, 172
- GK Tauron Polska Energia SA, 172
- globalization, 6, 14–15, 19–20, 21–22
- gold standard, 26, 224
- Goldwater, Barry, 29
- Gomulka, Stanislaw, 125n
- González, Felipe, 146n, 148
- Goodman, John B., 218n
- Goretti, Matteo, 184, 184n, 185n6, 205n26
- Gramsci, Antonio, 62
- Great Moderation, 61
- Greece, 8
- Greskovits, Béla, 4n3, 16, 267
- Grofman, Bernard, 186n10, 192
- Gronkiewicz-Waltz, Hanna, 113–14, 232, 234
- Grupa Centrum (business group), 129
- Grupa Polnoc (business group), 129
- Grzymala-Busse, Anna, 112–13
- Guzmán, Jaime, 181, 199–200
- Hagen, Jürgen von, 49
- Haggard, Stephan, 61, 137n
- Hajer, Maarten, 12n
- Hall, Peter A., 4n2, 5, 15, 56
- Hanley, Seán, 16
- Hayek, Friedrich., 2, 27, 30, 32–33, 34, 35, 41,  
258
- hegemony, 173, 262; and legitimating mech-  
anisms of neoliberalism, 14–15, cultural,  
14–15, 252; of neoliberalism, 3–4, 6, 7, 9,  
10, 36, 217, 252
- Hibbs, Douglas A., 37
- Hicks, Raymond, 69
- Hirschman, Albert O., 28
- Howell, Chris, 9n6
- Huber, Evelyne, 7n
- Human Rights Watch, 111n
- Hungary, 22, 106, 137, 141, 266
- Hurtado Vicuña (business group), 147
- Ida-Viru County (Estonia), 193–94
- illiberalism, 16, 214, 266
- Ilzetzki, Ethan, 68
- IMF (International Monetary Fund), and  
Argentina, 91–92, 99n, 101, 103, 133, 229,  
245, 263; and Chile, 89, 133; and democ-  
racy, 35n; and Estonia, 224, 224n, 239;  
and exchange rates, 68–69, 99n, 101n,  
224, 224n, 229, 235, 239; and fiscal policy,  
224, 239, 245; and industrial policy, 101;  
and standby agreements, 239; and Latin  
America, 83, 88, 133; and loans, 31, 88, 245,  
263; and Mundell-Flemming theorem, 31;  
and neoliberalism, 35n, 89, 91–92; and  
Poland, 235; and stabilization programs,  
16, 88; and transnational integration re-  
gimes, 83
- imports, 41, 53–54, 60, 79, 88–89; and ex-  
change rates, 53–54, 60, 73–74, 79. *See*

- also* ISI (Import Substituting Industrialization)
- Index of Economic Freedom, 10, 10n, 11
- industrialization, 10, 28; and Argentina, 91, 158; and Chile, 85, 146, 148; and Eastern Europe, 10, 41; and EOI (Export-Oriented Industrialization), 91, 137n; and exchange rates, 60; and government interventionism, 28, 29–30, 41, 54–55, 58, 91; and industrial policy, 54–55, 58, 91, 158; and ISI (Import Substituting Industrialization), 41, 60, 85, 137n, 158; and Latin America, 10, 41; and neoliberalism, 28; and neostructuralism, 60; Soviet plans for, 107n22; and the Soviet Union, 120; state-led, 28, 146, 148
- industrial policy, 6, 17, 22, 28, 51–53, 53–61; and alternative political projects, 56, 61; and agriculture, 55, 104, 106, 108–9, 110, 112, 117, 120, 121, 122–23, 125, 126–27, 131, 158, 161–62, 166, 169, 170, 206–8, 226, 239; *Arengufond* (Estonian Development Fund), 123–24, 197, 240; and the Chicago School, 28–31; and constitutions, 23, 216–18; and credit, 55, 94–95, 104, 108–9, 114, 158, 244–45; and capital expenditure, 74; and current expenditure, 74; and debt, 112; and democracy, 216–18, 243, 246, 248; and dictatorships, 85–92; discretionary, 28–29, 58–59, 60–61; and employment, 110, 117; and EOI (Export-Oriented Industrialization), 137n; and the European Union, 105–6, 114, 240; and exports, 53–55, 57–58, 60, 89–91, 94, 97, 114–15, 123, 125, 127, 131, 146, 158, 169, 206–7; and FDI (foreign direct investment), 59–60, 78–79; and fiscal policy, 47–48, 240, 242, 254–56; and free markets, 59–60; and the IMF (International Monetary Fund), 101; and industrialization, 54–55, 58, 91, 158; and industry upgrading, 170; and investment incentives, 55; and international financial institutions, 60; and international pressures, 18n, 29, 94, 101, 105–6, 114, 115, 121–24, 125–31, 132, 240; and labor unions, 77, 102, 104, 110, 112, 114, 120, 158; and manufacturing, 55, 59; and mining, 97, 109–10, 114, 126, 129, 131, 150–52, 203; and monopolies, 59; and nontariff restrictions, 29, 55; and price distortions, 6, 59; and productivity, 54–55; and Poland, 22, 23; and public expenditure, 47–48; and public opinion, 201; and R&D (research and development), 59–60; and rent-seeking, 30; selective, 28–30; and subsidies, 55, 58; and tariffs, 6, 29; and taxation, 60; and tax exemptions, 55, 59–60; and theory of regulatory capture, 29; and theory of “rent-seeking society,” 29–30; and wages, 55; and the Washington Consensus, 55–56, 60
- industry: advanced, 59; agriculture, 120; Argentinean, 65, 87–88, 90–91, 98–99, 101–4, 137, 140, 153–54, 157–58, 206; banking, 92, 96, 101–2, 142, 151, 232–33; capital goods, 91; chemical, 65, 66, 86–87, 115, 120, 129, 131, 147, 154, 157, 163; Chilean, 65, 86–87, 92, 94, 96, 97, 140, 140n, 144–45, 146–47, 151, 201, 223, 232–33; energy, 79, 129, 147, 168, 171–72, 206; Estonian, 66, 117, 117n28, 120–21, 123, 142, 158, 163–64, 186n8, 193, 239; domestic, 48, 88, 90, 106, 201; financial, 120, 158; food, 66, 98, 106, 115, 120–21, 127, 129, 147, 154, 157, 163, 171, 239; insurance, 96, 164; manufacturing, 55, 59, 63–64, 88, 90, 103–4, 137, 140n, 158, 169, 223; metal, 65–66, 86, 94, 101, 146–47, 154, 157, 163, 172; and military-industrial complex, 87–88; mining (*see* mining); natural-resource, 94, 144–45, 223; Polish, 66, 114, 115–16, 126–27, 129, 137, 142, 168–69, 171–72; telecommunications, 123, 129, 147, 171, 172; transportation, 65–66, 79, 100–101, 140, 142, 147, 157, 172; upgrading of, 54, 78, 87, 170n. *See also* industrialization; industrial policy



- inflation, 30–31; and Argentina, 22, 85, 88, 90–92, 98–99, 104, 154, 184, 227–28, 245, 263; and Brazil, 54; and central banks, 30–31, 48, 50, 56–57, 113, 126, 218, 196, 202, 218, 222, 227–28, 232, 234; and Chile, 22, 85, 88–89, 93, 96, 202, 222, 264; and Estonia, 22, 118–19, 122, 124, 126, 196, 224–27, 240; and exchange rates, 30–31, 54, 56–57, 60, 65, 69–70, 73–76, 90, 108, 113, 126, 196, 232, 234, 245; and finance, 88; and fiscal policy, 48; and Friedman, Milton, 30–31; and government interventionism, 30; and Hayek, Friedrich, 30; hyper-, 22, 91, 99, 154, 184, 224, 227; and inflation-targeting, 56, 74, 96, 124, 126, 202, 222, 234; and Lucas, Robert, 30; and monetary policy, 30, 48, 56, 60, 74, 124, 222, 227–28, 232–34; and neoliberalism, 22, 30, 53–54, 56–57, 85, 90–91, 99, 104, 107, 113, 154, 184, 222, 228; and Poland, 22, 107–8, 113, 232, 234, 262
- Inforsa, 145
- Initiative for the Americas, 94n
- innovation, 97, 123, 151, 170, 203, 244, 267.  
*See also* R&D (research and development)
- insurance, 96, 99, 114, 120, 164
- interest-based theories, 15, 62–63, 64n8, 80
- Intermovement group, 107, 115–17, 117n29
- international governance, 6–7, 35, 190
- international law, 6–7, 35, 107
- international pressures, 20; and alternative political projects, 19, 120–34, 240–42; and Appel, Hillary, 20; and Argentina, 18n, 91–92, 99n, 101, 103, 133, 229, 245, 263; and Bruszt, László, 19; and Chile, 89, 94, 95n, 133; and democracy, 2, 35n; and developmentalism, 28; and domestic actors, 19–20; and Eastern Europe, 20–21, 120–21; and Estonia, 121–26, 132–33, 162–64, 224, 224n, 226–27, 239, 240, 260; and the EU (European Union), 16, 19, 83, 105–6, 113–14, 120–34, 162–64, 226–27, 233–34, 237–38, 240–42, 248; and exchange rates, 18n, 68–69, 99n, 101n, 104–5, 105–6, 113, 122–24, 125–31, 132–33, 224, 224n, 226–27, 229, 233–34, 235, 239; and fiscal policy, 18n, 127–28, 133, 224, 239, 237–38, 240, 241–42, 245, 248; and industrial policy, 18n, 29, 94, 101, 105–6, 114, 115, 121–24, 125–31, 132, 240; and the IMF (International Monetary Fund), 16, 31, 35n, 68–69, 83, 88, 89, 91–92, 99n, 101, 103, 133, 224, 224n, 229, 235, 239, 245, 263; and Kowalczyk, Anna, 19–20; and Latin America, 20–21, 83, 88, 133; and McDermott, Gerald A., 19; and Poland, 113–15, 124–31, 132–33, 233–35, 241–42, 248; and monetary policy, 30, 48, 56, 60, 74, 124, 222, 227–28, 232–34; and neoliberalism, 7, 16, 19–21, 18n, 28, 35n, 83, 89, 91–92, 105–6, 113–14, 120–34, 233–34, 240–42; and Orenstein, Mitchell A., 20; and privatization; 41; and Stallings, Barbara, 19; and transnational integration regimes, 19, 21–22, 83, 114, 133, 237; and the World Bank, 18n, 28, 29 35n; and the WTO, 83, 94, 115, 122
- Iretecnia, 156
- ISI (Import Substituting Industrialization), 41, 60, 85, 137n, 158
- ISIC (International Standard Industry Classification), 64n7
- Israel, 192n, 298
- J-curve, 43–44
- Johnson, Harry, 28, 31
- Johnson, Juliet, 19
- Johnson, Simon, 169
- Jones, Daniel S., 27
- Jones, Mark P., 205n25
- Kaczynski, Lech, 128, 235, 235n
- Kallas, Siim, 116, 118–19, 224–26
- Kast, José Antonio, 261–62
- Kaufman, Robert R., 61, 178–79
- Keynesianism, 8, 17, 26, 30, 32, 121, 258
- KGHM Polska Miedź SA, 172

- Kirchner, Néstor, 104, 132, 133, 138, 158–59, 206–8, 230–31, 245, 262–63, 264
- Kołodko, Grzegorz, 113–14, 232
- Komorowski, Bronisław, 236
- Kornai, János, 41
- Kowalczyk, Anna, 19
- Kowalska, Marzena, 169
- Krugman, Paul, 124n35
- Krueger, Anne, 29, 41
- Kuk, Kalev, 225
- Kuroń, Jacek, 113
- Kurtz, Marcus J., 74n13, 77, 80
- Kwaśniewski, Aleksander, 113, 209, 211–12
- Kydland, Finn, 48
- Laar, Mart, 118–19, 160, 225
- labor market, 13n; deregulation of, 42–43, 58, 101–2, 150, 206–7
- labor unions: acquiescence of, 13n, 109n; and alternative political projects, 42–44, 77, 88, 91–92, 102–4, 106, 109, 110, 114, 117, 126–27, 132, 158, 255–56; and Argentina, 80, 88, 91–92, 98, 98n15, 102–4, 132, 158, 210n30, 230, 256; and Chile, 88, 256; and coalition-building, 13n, 42–44, 80, 91–92, 98, 98n15, 109, 102–4, 110, 117, 118, 120, 126–27, 158, 230, 255–56; and collective action, 42–44, 98, 102, 109, 109n, 110, 117, 126; and collective bargaining, 42–43, 112; and corporatism, 42–43; and deregulation, 42–43; and Estonia, 117–18, 120, 255–56; and exchange rates, 104, 110, 158; and finance, 101, 158; and flexibilization, 42–43; and industrial policy, 77, 102, 104, 110, 112, 114, 120, 158; and left-wing parties, 72, 77, 80, 91–92, 98, 98n15, 104, 110, 126–27, 158, 255–56; and neoliberalism, 13n, 42–44, 77, 91–92, 98, 98n15, 102–4, 106, 110, 132, 158; and Olson, Mancur, 43n; and Poland, 80, 106, 109–10, 112, 114, 109n, 126–27, 132, 210n30, 256; power resources of, 42–44, 98; and social movements, 13n, 44, 77, 91–92, 98, 109, 109n, 110, 117, 126, 210; and representation, 13n, 98, 98n15, 91–92; and responsiveness, 118; rights of, 42–43; and right-wing parties, 77; and the Self-Defense union (Samobrona) [Poland] 110, 126; and the Solidarity union [Poland], 106–10, 108n, 119–25, 128, 167–68, 187–89, 209–10, 233; and strikes, 44, 155
- Lagos, Ricardo, 95–96, 150–51, 198n, 199–200, 203, 203n, 243
- Lamont, Michèle, 4n2
- Larraín-Vial, 147
- Latin America: and authoritarianism, 84, 131, 178, 190; and central banks, 218–19; and constitutions, 178, 180, 185, 256–57; and debt, 137, 238; and democracy, 3, 12, 43, 83, 84, 131, 135, 137, 176, 176–78, 185, 249–50, 252, 256–57, 264n; and dictatorships, 83–5; and economic crises, 22, 45n, 51; and electoral laws, 185; and elites, 178; and employment, 10; and fiscal policy, 237–38; and the IMF (International Monetary Fund), 83, 88, 133; and industrialization, 10, 41; and international pressures, 20–21, 83, 88, 133; and the Latin American left turns, 16–17; and liberalization, 21, 43; and the military, 83, 84; and monetary policy, 218; and neoliberalism, 4–5, 9–10, 11–12, 16, 23, 51; as periphery, 21–22; and the pink tide, 16–17; and populism, 180, 259, 264n; and privatization, 51, 135, 137; and shock therapy, 107; and social movements, 10, 16; and state ownership, 41, 135; and technocrats, 84; and transitions, 12, 43, 45n, 137–38, 178–80, 185
- Latin American left turns, 16–17
- Latin American pink tide. *See* Latin American left turns
- Latvia, 115
- Lavagna, Roberto, 230, 245
- legitimacy, 117, 189 212; central bank, 221, 231; constitutional, 185, 208; democratic, 36–37, 45n, 176, 248, 265; and Linz, Juan, 45n; of neoliberalism, 14–15; and Stepan, Alfred, 45n

- Lehman Brothers, 8
- Lepper, Andrzej, 129
- Levitsky, Steven, 98n15
- Lewis, Arthur, 28
- libertarianism, 27, 29
- liberty: economic, 2, 10, 10n, 11, 27–28, 32, 32n, 33, 35, 36, 38 (*see also* economic freedom); individual, 2, 33–34, 35
- Linz, Juan J., 38, 45n, 46, 181
- Lithuania, 115
- Lora, Eduardo, 10n
- Lucas, Robert, 30
- Luksic (business group), 145, 151, 203
- lustration, 23, 176–77, 179–80, 188–89, 209–10, 212; and alternative political projects, 180, 210; and anti-communism, 176–77, 179–80, 180n, 186; and constitutions, 179–81, 186, 188–89, 209–10; and decommunization, 179–80, 180n; and democracy, 179–180, 188, 210, 262; and Eastern Europe, 23, 212; and Estonia, 181, 186; and ethnic politics, 186; and left-wing parties, 180; and Poland, 180, 181, 188–89, 209–10, 262; and privatization, 209–10; and representation, 23, 176–77, 179–80, 210, 212; and right-wing parties, 210; and transitions, 210
- MABP (Monetary Approach to the Balance of Payments), 31
- Maclean, Nancy, 3, 9, 34, 38
- Machado, Roberto, 10n
- Machinea, José Luis, 102n, 228
- Macri, Mauricio, 104–5, 263
- macroeconomics, 60
- Madariaga, Aldo, 200n, 203
- Madison, James, 34
- Maillet, Antoine, 40
- Mair, Peter, 259, 265
- majoritarianism, 32–36, 85, 251, 253–54; and absolute majorities, 183n3, 192, 197, 203n; and alternative political projects, 43, 46, 102–3, 120, 130, 179, 196, 197, 201–2, 211, 227–29, 260–61, 262–63; and Buchanan, James, 33–34; and class, 34; and conservatism, 38; and constitutions, 33, 181–83, 187–88, 253–54, 253–54; and Dahl, Robert, 34; and democracy, 32–33, 251; and electoral laws, 112–13, 181–82, 187–88, 198–99, 200; and economic freedom, 32–34; and government majorities, 112–13; and Hayek, Friedrich, 32–35, 249, 258; and MacLean, Nancy, 34; and Madison, James, 34; and minorities, 33–34, 36; and neoliberalism, 43, 46, 102–3, 120, 130, 179, 196, 197, 201–2, 211, 227–29, 253–54, 260–61, 262–63; and parliamentary majorities, 112–13, 120, 130, 179, 197, 205n27, 217, 227–29; and political majorities, 43, 46, 103, 119; and the propertyless majority, 34, 36, 37–38; and the proprietor minority, 34, 36; and representation, 32–38, 176, 215; and supermajority thresholds, 183, 183n3, 200, 203, 220, 244; and taxation, 33–34; and Tullock, Gordon, 33–34; and the tyranny of the majority, 33–34, 37–38; and the tyranny of the minority, 34; versus unanimity rule, 33–34; and vetoes, 34, 36, 179, 211
- Malta, 218
- Malvinas Islands. *See* Falkland Islands
- market failure, 58, 59
- Martínez de Hoz, José Alfredo, 153
- Marxism, 6, 61
- Matamala, Daniel, 203
- Matte (business group), 145, 147, 149. *See also* *Compañía Papelera*
- Marx, Karl, 61
- Mazowiecki, Tadeusz, 108–11, 126, 166–67, 187–88, 189
- McDermott, Gerald A., 19, 83n, 170
- McKinnon, Ronald, 30–31
- Menem, Carlos, 97–103, 152, 154–57, 155n, 184–85, 185n7, 204–8, 205n23, 206n28, 210n30, 227–29, 230, 244–45, 254
- Menéndez, 145, 147
- Mercosur (*Mercado Común del Sur*), 91, 94, 95n, 100, 100n, 103, 298

- Meri, Lennart, 192–93, 197, 226, 247
- Merkel, Angela, 36n
- Mexico, 22, 94n9, 137, 257; and Mexican default of 1982, 10, 51, 88; and Mexican “Tequila” crisis, 51, 101–2, 101n, 102–4, 133, 157, 228
- Mikkil, Evald, 186n10, 192
- military: and Argentina, 85, 87–88, 90–91, 105, 138, 152–153, 180, 184, 213; and authoritarian enclaves, 181–83, 184, 198, 203, 213–14, 220–21, 253–54, 256; and authoritarianism, 84; and authoritarian reversals, 2, 44, 254; and Brazil, 266; and Chile, 1–2, 85–90, 105, 143–48, 181–84, 198, 220–21; and corporatism, 85, 87, 88, 90; and Estonia, 115, 260–61; and free markets, 85n; and Latin America, 83, 84; and military dictatorships, 1–2, 84–91, 105, 138, 143–48, 152–53, 180–84, 213; and the military-industrial complex, 87–88; and military juntas, 1–2, 84–85, 87, 88, 90, 138, 153, 181; and military putsch, 1 (*see also* coup d’état; democracy, and democratic breakdown); and nationalization 145; and neoliberalism, 83, 84–90, 91, 105, 143–48, 152–53, 173, 220–21; and privatization, 140n, 143–48, 152–53; tutelary role of, 181; and repression, 85n; takeover by the, 1, 2, 85 (*see also* coup d’état; democracy, and democratic breakdown)
- mining, 64–66; and alternative political projects, 97, 109–10, 120, 126, 131, 150–52, 203, 244, 248; and Argentina, 65; and Chile, 65, 97, 140, 140n, 150–52, 183, 203, 244, 248; and Chilean mining royalty and tax, 94n10, 97, 150–52, 203, 244, 248; and coalition-building, 97, 120, 150–52, 203, 244, 248; and Eastern Europe, 131; and Estonia, 66, 120; and exchange rates, 131; and industrial policy, 97, 109–10, 114, 126, 129, 131, 150–52, 203; and Poland, 66, 109–10, 114, 126, 129, 171–72; and privatization, 114, 147; and protests, 109–10, 126; and RCA Index (Index of Revealed Comparative Advantages), 64–66; and state ownership, 129, 140n
- minorities, 14, 33–34, 36; and alternative political projects, 192–97, 253, 261–61; and coalition-building, 107, 117–19, 190–91, 192–97, 213–15, 260–61; and Estonia, 107, 117, 117n29, 117–19, 186–87, 190–92, 192–95, 212–13, 253–54, 260–61; ethnic, 107, 117, 117n29, 118–19, 186–87, 190–91, 117–19, 186–87, 190–92, 192–95, 212–13, 253–54, 260–61; and majoritarianism, 33–34, 36; and Poland, 107; and populism, 260–61; proprietor, 34, 36; and representation, 117–19, 186–87, 190–92, 192–95, 212–13, 253, 260–61; and Russian-speaking minority in Estonia, 107, 107n2, 117, 117n29, 118–19, 186–87, 190–91, 117–19, 186–87, 190–92, 192–95, 212–13, 253–54, 260–61; and the tyranny of the minority, 34; and vetoes, 34, 36
- Mirowski, Philip, 8, 18, 27n
- Molotov-Ribbentrop pact, 107n21
- Monckeberg, María Olivia, 146
- monetarism, 5, 47n13
- monetary policy, 30, 48, 74; and alternative political projects, 56–61, 74, 113–14, 128–29, 174–75, 218, 221–23, 226–27, 229–31, 232–36, 247; and Argentina, 227–31; and business power, 174–75; and capital flows, 31; and Chile, 220–22; and competitiveness, 57, 59, 221–23, 232, 234; conservative, 30–31; and constitutions, 49; contractionary, 113, 128–29; and demand, 128; discretionary use of, 48, 56–60, 218, 231–32, 232–36; and Eastern Europe, 218; and employment, 48, 223, 235; and Estonia, 119, 128–29, 174–75, 224, 224n, 225–27, 239; and exchange rates, 31, 56–60, 108, 113, 128, 221–22, 224–25, 227–31, 232–34, 254; and Flemming, Marcus, 31; and Friedman, Milton, 30–31; and growth, 48, 223, 235; and inflation, 30, 48, 56, 60, 74, 124, 222, 227–28, 232–34; and Latin America, 218; and left-wing parties, 74;

- monetary policy (*cont.*)  
 Lucas, Robert, 30; and the MABP (Monetary Approach to the Balance of Payments), 31; and monetary policy councils, 220–21, 221n, 222, 227–28, 230, 232–36; and Mundell, Robert, 31; and Mundell-Flemming theorem, 31; and monetary discipline, 60; and monetary theory, 30–31; and price stability, 48, 56–60, 72, 74, 113–14; and the promotion of the domestic industry, 48, 74, 128; and rent-seeking, 48; restrictive, 30–31; and right-wing parties, 74; and the trilemma of monetary policy in an open economy, 31; and Poland, 108, 113–14, 231–37; and price stability, 30–31, 48, 59–60, 72, 221–22, 227, 232–33, 239, 254  
 money, 30, 165, 226; hard, 260; soft, 30; sound, 105–6, 173  
 monopolies, 41, 59  
 Mont Pelerin Society, 28, 34; and Bauer, Peter Thomas, 28; and Röpke, Wilhelm, 28; and Schultz, Theodore, 28  
 Morandé, Felipe, 222  
 Morley, Samuel A., 10n  
 Mukherjee, Bumba, 74  
 Mundell-Flemming Theorem, 31  
 Mundell, Robert, 31  
 Murillo, María Victoria, 68  
  
 NAFTA (North American Free Trade Agreement), 93–94, 94n9  
 Navia, Patricio, 198, 200  
 NBP (Polish National Bank), 113, 125–29, 231–36; and alternative political projects, 230–36, 242; and the Banking Act, 231; and businesses, 233–35; and competitiveness, 232, 234; and employment, 234–35; and the Enterprise and Bank Restructuring Act, 112; and exchange rates, 113, 217, 231–36; and EU accession, 105–6, 124–25, 233–36, 241; governor of, 113, 232–36; and growth, 234–35; independence of, 125–29, 217, 231–36, 241n20, 246–47; and inflation, 113, 232, 234; and labor unions, 112; as lender of last resort, 231; mandate of, 234–35; monetary policy council of, 232–36; and the NBP law, 231–33; and price stability, 233–34, 236; and the promotion of domestic industry, 234–35; strategic appointments to, 232–36. *See also* central banks  
 Negretto, Gabriel L., 205, 205n27  
 Nelson, Joan M., 45  
 nested games, 12; and Tsebelis, George, 12  
 New Deal, 8, 185  
 Nobel Prize, 29, 31, 124n35  
 Nokia, 163  
  
 Obinger, Herbert, 74  
 O'Donnell, Guillermo, 12, 45–46, 176, 206, 254  
 Office of the Plenipotentiary for Privatization (Poland), 166  
 Oleksy, Jozef, 180, 209  
 oligopolization, 27n  
 Oliveros, Virginia, 68  
 Olson, Mancur, 43n  
 Olszewski, Jan, 111–12, 113  
*The Open Society and Its Enemies* (Popper), 34  
 Orban, Viktor, 262  
 Orenstein, Mitchell A., 16, 20, 44, 113, 189  
 organic constitutional laws, 33, 181–83, 187–88, 253–54, 253–54; and the Chilean Central Bank, 201–2, 220–21  
 Ost, David, 210, 263–64  
  
 Pacto de Olivos, 205n23  
 partial reform equilibrium, 107  
 patronage, 169. *See also* clientelism; cronyism; rent-seeking  
 PEEX (*Programas Especiales de Exportación*), 91  
 Pekao Bank, 171, 235n  
 pension systems: Argentinean pension system, 104, 206–7; Bril-Mascarenhas, Tomás, 39n; Chilean pension system, 10, 39n, 150n8; Maillet, Antoine, 39n; and

- privatization, 10, 39n, 150n8; and re-nationalization, 104
- Pérez Companc (business group), 88, 153, 154, 155, 156, 157
- periphery, 4, 8–9, 53–54; and Eastern Europe 21, 22; and Latin America, 21, 22; and neoliberalism, 8–9, 21–22, 30. *See also* capitalism
- Peru, 257
- Peruzzotti, Enrique, 206n28
- Pescarmona (business group), 157
- Pettai, Vello, 192, 197n
- PGE (business group), 129
- PHARE (Poland and Hungary: Assistance for Restructuring their Economies), 106
- Piñera, Sebastián, 151, 261
- Pinochet, Augusto, 1–2, 87, 89, 92, 133, 140, 143–46, 148, 152, 173, 182, 182n, 183n3, 183n4, 198, 200, 203n, 214, 220, 249, 253–54, 256, 261–62
- Pion-Berlin, David, 85n3
- PKO BP, 129
- plebiscite, 2, 181–82, 182n, 191, 226
- Poland: 1992 “Small” Constitution of, 190, 241n20, 256; 1997 Constitution of, 241–42; and the 2007–2008 financial crisis, 130, 132, 262; and accountability, 208–12, 213–14, 254; and agriculture, 66, 106, 110, 112, 116, 126–27, 141, 169, 170; and the Agency of Agriculture Market, 112; and the AID (Agency for Industrial Development), 112; and alternative political projects, 230–36, 242; and anti-communism, 109, 125, 180; and austerity, 242; and authoritarianism, 187–88; and the AWS coalition (Solidarity Electoral Action), 125–27, 170, 212, 233–34, 241; and Balcerowicz, Leszek, 105, 107–11, 107n20, 108n, 113, 126, 169, 210–11, 233–34, 235; and the Balcerowicz Plan, 107, 107n20, 108–12, 107–13, 125–26, 210–11; and the Banking Act, 231, 249; and basic freedoms, 215, 262–63; and Belka, Marek, 236; and the Belka rule, 242; and Bielecki, Jan Krzysztof, 111–12, 167, 211; and BP Europa SE Oddział w Polsce, 172; and bureaucracies, 108–9; and checks and balances, 263; and civil liberties, 215, 262–63; and clientelism, 169; and communism, 105–10, 112–13, 125, 128, 130–31, 133, 137, 141, 162, 166–67, 188–89, 209–11, 213, 231; and conservatism, 110–11, 128n, 167, 188, 209, 241–42; and constitutions, 181, 187–90, 211–12, 233–36, 241–43; and corporate governance, 169, 170n; and corruption, 128; and debt, 112, 137, 168, 170, 238, 241–42; and decrees, 211; and delegative democracy, 208–12, 213–14, 254; and democracy, 187–89, 212–15, 253–56, 259–60, 262–65; and electoral laws, 112–13, 177, 181, 187–88, 208–9, 212–15; and elites, 22, 187–88; and employee self-management, 167–68; and employment, 109–10, 141, 234–35, 262; and Enterprise and Bank Restructuring Act, 112; and EP (business group), 129; and the European Union, 113–14, 128–30, 233–35, 241–42, 248; and exchange rates, 108, 110–11, 113–14, 124–27, 130, 170, 217, 231–36, 247; and executive power, 177, 181, 189–90, 210–12, 213–15; and exports, 111, 114–15, 126–27, 130, 169; and farmers, 109–10, 112, 115, 125–27, 132, 168–69; and fiscal policy, 108, 113–14, 127–28, 133, 237–38, 241–42, 246–48; and GK Enea SA, 172; and GK Energa SA, 172; and GK Grupy Lotos SA, 172; and GK Orange Polska, 172; and GK PGNiG SA, 172; and GK Tauron Polska Energia SA, 172; and Kaczynski, Lech, 128, 235, 235n; and KGHM Polska Miedź SA, 172; and Kołodko, Grzegorz, 113–14, 232; and Gronkiewicz-Waltz, Hanna, 113–14, 232, 234; and Grupa Centrum (business group), 129; and Grupa Polnoc (business group), 129; and the IMF (International Monetary Fund), 235; and the KLD party (Liberal Democratic Congress), 111; and Kwaśniewski, Aleksander, 113, 209, 211–12; and industry,

Poland (*cont.*)

66, 114, 115–16, 126–27, 129, 137, 142, 168–69, 171–72; and inflation, 22, 107–8, 113, 232, 234, 262; and international pressures, 113–15, 124–131, 132–33, 233–35, 241–42, 248; and labor unions, 80, 106, 109–10, 112, 114, 109n, 126–27, 132, 210n30, 256; and the LPR party (League of Polish Families), 125, 128–29, 234–35, 241–42; and lustration, 180, 181, 188–89, 209–10, 262; and Mazowiecki, Tadeusz, 108–11, 126, 166–67, 187–88, 189; and mining, 66, 109–10, 114, 126, 129, 171–72; and minorities, 107; and monetary policy, 108, 113–14, 231–37; and the NBP law, 231–33; and patronage, 169; and PGE (business group), 129; and PHARE (Poland and Hungary: Assistance for Restructuring their Economies), 106; and the Office of the Plenipotentiary for Privatization, 166; and Olszewski, Jan, 111–12, 113; Pekao Bank, 171, 235n; and the PiS party (Law and Justice), 125, 128–30, 171, 188, 209–10, 234–35, 241–42, 262–63; and PKO BP, 129; and Poland's Constitutional Tribunal, 211, 241n20, 262; and Poland's National Audit Office, 235n; and Polish business associations, 112; and the Polish Roundtable Talks, 106, 107n20, 108, 189; and the Polish United Workers Party, 110; and the PO party (Civic Platform), 125, 128, 130, 236; and populism, 110–12, 125, 126, 128, 130–33, 188, 209, 215, 215n, 234–35, 259–60, 262–65; and the PSL (Polish Peasant Party), 110, 112–15, 125–30, 167–69, 171, 188, 209–12, 232–34, 241–42; and the Public Finance Act of 1998, 241–42; and PZU, 129, 171; and privatization, 108–9, 112, 114–15, 125, 127–31, 137, 139, 141–42, 166–73, 174, 209–10, 231, 253; and the *Samobroona* party (Self-Defense), 110, 125–29, 234–35, 242–42; and the SDRP party (Social Democracy of Poland), 110; and Skrzypek, Sławomir, 235–36, 235n;

and the SLD party (Democratic Left Alliance), 110, 112–15, 125–29, 132–33, 167–69, 171, 188, 209–12, 233–35, 241–42; and shock therapy, 22, 107–17, 233; and social democracy, 110, 112–13; and socialism, 141; and social movements, 108–11, 126, 265; and Social Security Fund for Peasants, 112; and the Solidarity trade union and party, 106–10, 108n, 119–25, 128, 167–68, 187–89, 209–10, 233; and the Strategy for Poland, 113–14; and Suchoka, Hanna, 111–12, 211; and state-ownership, 109–10, 127, 132, 141, 142, 168–69, 174; and technocrats, 128n, 189, 236, 254; and transitions, 105–7, 113–14, 141, 162, 166, 187–90, 210; and the treasury, 242; and the UW party (Democratic Union), 111, 125–27, 233–34, 241; and vetoes, 177, 181, 189, 211–12, 213–14, 254; and works councils, 167–68

Poland's Constitutional Tribunal, 211, 241n20, 262

Poland's National Audit Office, 235n

Polanyi, Karl, 10

Polish Roundtable Talks, 106, 108, 189; and the Balcerowicz Plan, 107n20

political freedom, 2, 32n, 33, 46, 190, 262. *See also* basic freedoms

political parties: *Alianza* Coalition (Argentina), 102, 228–29; AWS coalition (Solidarity Electoral Action), 125–27, 170, 212, 233–34, 241; Center Party (*Keskerakond* party) [Estonia], 118–20, 121–22, 122n, 123–24, 194–97, 226, 247, 260; Christian Democratic Party (Chile), 92–93, 150, 199–200, 203, 221; Coalition Party (Estonia), 118–20, 196, 225–26, 239; competition between, 36–38, 46, 177; Country People's Party (Estonia), 119–20, 192, 194, 196, 225–26, 239; *Concertación* coalition (Chile), 93–95, 97, 132, 148–51, 181, 198, 198n, 199, 201–3, 220–21, 223, 243–44, 247, 256, 261; and *democraduras*, 46; and electoral laws, 93, 179, 182–88, 192, 191–97, 198–201, 200–203, 204, 208–9; Estonian



- Communist Party, 106, 128, 186, 195; Estonian Social Democratic Party, 118, 123–24, 260; and ethnic politics, 118, 119, 121, 123–24, 186–89; and finance, 124–26, 128–31, 132, 150, 152, 235, 250–53; FREPASO party (Front for a Country in Solidarity) [Argentina], 102; Green party (Estonia), 123–24; KLD party (Liberal Democratic Congress) [Poland], 111; KMŪ alliance (Secure Home alliance) [Estonia], 118–19, 196–97, 225–26, 239; and labor unions, 72, 77, 80, 91–92, 98, 98n15, 104, 110, 126–27, 158, 255–56; LPR party (League of Polish Families), 125, 128–29, 234–35, 241–42; and lustration, 180, 210; Moderates party (Estonia), 118–19, 195, 197; National Independence Party (Estonia), 118; PF (Popular Front) [Estonia], 115, 118, 159, 192; PiS party (Law and Justice Party) [Poland], 125, 128–30, 171, 188, 209–10, 234–35, 241–42, 262–63; PJ Party (*Partido Justicialista*) [Argentina], 90–92, 97–98, 98n15, 101–4, 155n, 158, 180, 184, 204–5; PO party (Civic Platform party) [Poland], 125, 128, 130, 236; Polish United Workers Party, 110; PPD (*Partido por la Democracia*) [Chile], 95, 221; Pro Patria alliance (*Isamaa*) [Estonia], 118–19, 122, 123–24, 192, 195, 197; PSL (Polish Peasant Party), 110, 112–15, 125–30, 167–69, 171, 188, 209–12, 232–34, 241–42; and power resources, 12–13, 91–92; Reform party (*Reformierakond*) [Estonia], 119–20, 121–24, 195, 196–97, 225–27, 239–40, 247, 260; and representation, 23, 36–38, 110, 115, 117–20, 169, 212–15; Republican Action party (Chile), 261; Res Publica party (Estonia), 122, 123–24, 195, 260; *Samoobrona* party (Self-Defense party) [Poland], 110, 125–29, 234–35, 242; SDRP party (Social Democracy of Poland), 110; SLD party (Democratic Left Alliance) [Poland], 110, 112–15, 125–29, 132–33, 167–69, 171, 188, 209–12, 233–35, 241–42; Socialist Party (Chile), 92, 95–96, 150, 151, 180, 199–200, 203, 222–23, 243, 261; Solidarity (Poland), 106–8, 108n, 119–15, 125, 128, 167–68, 187–89, 209–10, 233; UCEDÉ party (Argentina), 98–99; UCR party (Unión Cívica Radical) [Argentina], 90, 98, 102, 184, 204–5, 208; UDI Party (*Unión Demócrata Independiente*) [Chile], 92–93, 95, 146, 150–51; UW party (Democratic Union) [Poland], 111, 125–27, 233–34, 241
- political polarization, 95, 179, 180, 262–64
- political representation, 4, 12–13, 32–34, 36–38, 46n12, 61; and accountability, 46; and capitalism, 33; and citizenship, 117–18, 186–87, 191, 194–95; of constituencies, 13, 36–38; and constitutions, 33, 47, 93, 179–82, 185, 186–87, 190, 253–57; and delegation of policymaking, 38, 49, 246; and electoral laws, 13, 23, 36, 176–77, 180, 181–88, 190–92, 192–97, 198–203, 204, 208–9, 212–15, 253–54, 261; and elites, 178, 186, 187–88, 201, 257, 265; and ethnic politics, 186, 115–20, 190–92, 192–97, 212–13; and executive powers, 13, 23, 46, 192, 197–98, 202, 210–12, 213–15; and labor unions, 13n, 98, 98n15, 91–92; and Locke, John, 46n12; and lustration, 23, 176–77, 179–80, 210, 212; and majoritarianism, 32–38, 176, 215; and minorities, 117–19, 186–87, 190–92, 192–95, 212–13, 253, 260–61; and policy output, 32–33, 36–37; and political parties, 23, 36–38, 110, 115, 117–20, 169, 212–15; and public expenditure, 34–35; and populism, 16, 122, 126, 128, 132–33, 180, 214–15, 262–67; and reelection incentives, 62; and shock therapy, 45; and vetoes, 13, 23, 176–77, 183, 202, 213–14, 253
- Polillo, Simone, 19, 218
- Pollack, Benny, 200
- Ponce Lerou, Julio, 148
- Pontusson, Jonas, 257
- Pop–Eleches, Grigore, 16
- Popper, Karl, 34

- populism, 4; and accountability, 261–64;  
and alternative political projects, 16, 90–  
91, 122, 125, 126, 128, 130–33, 209, 214–15,  
234–35, 257–67; and Argentina, 90–91,  
97–98, 101, 180, 204, 215, 215n, 219, 227,  
259–60, 262–66; and austerity, 9; and  
Brazil, 266; and businesses, 266; and  
Chile, 258, 260–62, 264; and conserva-  
tism, 111, 125, 188, 209; and constitutions,  
178, 215n; and corruption, 257; and de-  
mocracy, 4–5, 9, 24, 180, 215, 250, 257–67;  
and democratic deficits, 24, 250; and  
Eastern Europe, 16; and electoral sys-  
tems, 204; and elites, 257, 265; and em-  
ployment, 264; and Estonia, 121–22, 226,  
258–61, 264–65; and financial crises, 257–  
258; and illiberalism, 16; and Latin Amer-  
ica, 180, 259, 264n; left-wing, 9, 210; and  
lustration, 188, 210; and minorities, 260–  
61; and Poland, 110–12, 125, 126, 128, 130–  
33, 188, 209, 215, 215n, 234–35, 259–60,  
262–65; and the populist *Zeitgeist*, 258–  
60, 265; and rent-seeking, 257; and repre-  
sentation, 16, 122, 126, 128, 132–33, 180,  
214–15, 262–67; right-wing, 9, 111, 122, 125,  
188, 210; and social movements, 4–5, 258,  
260, 264, 264n, 265
- post-democracy, 38
- post-neoliberalism, 16
- Poulantzas, Nicos, 62
- Prebisch, Raul, 28
- Prem, Mounu, 146n, 148
- Prescott, Edward, 48
- privatization, 13–14, 23, 39–42; and agricul-  
ture, 141, 161–62, 166, 168, 170, 173–74; and  
alternative political projects, 39–40, 92,  
99, 115, 119–20, 125, 130–31, 136, 146–49,  
150–52, 153–55, 157–59, 161–63, 166, 172–  
73, 174–75, 252–53; and Argentina, 85, 98–  
102, 137, 138–40, 152–59, 174, 184, 253; and  
bailouts, 16; Bril–Mascarenhas, Tomás,  
39n; and business power 13, 14, 40, 42,  
136, 148–49, 153, 174–75; and capitalism,  
42; and capital flight, 40; and Chile, 85,  
92, 136, 139, 140–41, 142–52, 173–75, 201,  
203, 252–53; and clientelism, 42; and  
coalition-building, 13–14, 23, 26, 39–40,  
105, 119–20, 135, 138–39, 146, 148–52, 158–  
59, 164–66, 169; and corruption, 42; and  
cronyism, 42; and debt, 145, 150, 155n,  
160n, 163, 170; and democracy, 42, 138,  
146, 149; and dictatorships, 85, 92, 140,  
137–41, 142–49, 152–53, 174; and Eastern  
Europe, 42, 51, 135, 137–38, 141; and em-  
ployment, 141; and enterprise restructur-  
ing, 112, 114–15, 118, 127, 139, 145, 153, 160n,  
163, 169–70, 210–11; and Estonia, 116, 118–  
20, 136, 139, 141–42, 159–166, 173–75, 240,  
252–53; and exchange rates, 99; and exec-  
utive power, 98, 184; and exports, 145,  
164; and external capital, 101–2, 120, 125,  
136, 149–50, 152, 156–57, 160–61, 162–66,  
167, 173, 252–53; and finance, 101, 136, 138,  
139, 142–45, 147, 150, 152, 153–55, 157–58,  
163, 164–65, 166, 169–72, 173–74, 252–53;  
and international financial institutions,  
41; and Latin America, 51, 135, 137; and  
lustration, 209–10; mass, 109, 112, 114, 116,  
160, 164; and the military, 140n, 143–48,  
152–53; and mining, 114, 147; and MNCs  
(multinational corporations), 154–55;  
and monopolies, 41; multitrack method  
of, 167; *nomenklatura*, 159; and noncom-  
petitive appropriation, 41; of pension  
systems, 10, 39n, 150n8; peripheral, 139,  
153–56; and Poland, 108–9, 112, 114–15,  
125, 127–31, 137, 139, 141–42, 166–73, 174,  
209–10, 231, 253; and power resources, 13–  
14, 23–24, 26, 39–40, 42, 135–36, 139, 144–  
46, 148–152, 153, 155–56, 161–62, 164, 168,  
171–72, 174–75, 252–53; and productivity,  
170; and the proprietor class, 42; and  
rent-seeking, 42; and representation, 39;  
and responsiveness, 39–40; through res-  
titution, 159–62; and transitions, 135, 137–  
38, 141, 159, 162, 166; and vetoes, 168; and  
the Washington Consensus, 41
- Przeworski, Adam, 37, 251, 259, 265

- public opinion: and alternative political projects, 105, 109–10, 193–94, 193, 201; and democracy, 43–44; and discontent, 105, 109–10, 193, 261, 263–64; and industrial policy, 201; and J-curve, 43–44; and neo-liberalism, 14–15, 27, 43–44, 61, 105, 109–10, 193–94, 261; and neoliberalism by consent/legitimation, 14–15
- public services, 138–39. *See also* public utilities
- public utilities, 63n, 155, 172, 173; and privatization, 92, 143, 146, 147, 149–50, 156–57, 157, 163, 168; 170–71, 171; transnational public utility companies, 138
- PZU, 129, 171
- R&D (research and development), 59–60, 244. *See also* innovation
- radical market reform, 10, 22, 107–8, 116–17, 143
- rationality, 26, 48
- Raun, Toivo U., 195
- RCA Index (Index of Revealed Comparative Advantages), 64, 64n7, 65–66. *See also* comparative advantage
- redistribution, 58, 59, 50, 84, 104, 135, 179, 243
- Redrado, Martín, 230–31
- Reinhart, Carmen M., 67
- rent-seeking: and the “corrupt elite,” 257; and economic discretion of governments, 29–30; and development, 29–30; and government interventionism, 29–30, 31, 41; and industrial policy, 30; and Krueger, Anne, 29–30, 41; and privatization, 42; and “rent-seeking society theory,” 29–30. *See also* clientelism; corruption; cronyism; patronage
- Ricardo, David, 61
- Richards (business group), 154
- The Road to Serfdom* (Hayek), 32
- Roberts Kenneth M., 16, 264n
- Rodrik, Dani, 71
- Romania, 172, 257
- Röpke, Wilhelm, 28
- Rosenstein-Rodan, Paul, 28
- Rostowski, Jacek, 125n
- Rubio, Delia Ferreira, 184–85, 184n, 185n6
- ruble zone, 118
- Rueschmeyer, Dietrich, 7n
- Russia: and Estonia, 121, 123n34, 186, 160, 196, 225, 260–61; and Russian company managers, 107, 159–60, 173; and Russian crisis of 1997–1998, 51, 126–27, 163–64, 120, 122, 126, 162–64, 222, 226, 239, 240–41, 246, 248; and Russian migrant workforce in Estonia, 107, 117, 117n28; and Russian-speaking settlers, 195; and Russian-speaking minority in Estonia, 107, 107n22, 117, 117n29, 118–19, 173, 186–87, 190–92, 192–95, 212–13, 253–54, 260–61; and Russian military, 123n34, 186, 260–61
- Rüütel, Arnold, 119, 192
- SAPARD (Special Accession Programme for Agricultural and Rural Development), 106
- Sapinski, Jean Philippe, 6
- Sartori, Giovanni, 179
- Savisaar, Edgar, 115–16, 118, 120, 122n, 123, 197
- Schmidt, Vivien A., 6, 17–19
- Schmitter, Philippe C., 12, 45–46
- Schneider, Ben Ross, 79
- Schneider, Martin, 64n7
- Schoenman, Roger, 214
- Schultz, Theodore, 28
- Schwartz, Anne, 30
- Schwartz, Herman, 12
- SEB (business group), 164
- Shaw, Edward, 30–31
- shock therapy, 45; and agriculture, 116, 161; and alternative political projects, 45, 109–15, 119–20, 161; and Argentina, 85; and Balcerowicz plan, 107–13; and Chile, 85; and democracy, 45, 250; and dictatorships, 85; and employment, 116–17; and Estonia, 116–20, 161; and finance, 85–86,

- shock therapy (*cont.*)  
 107, 113–14, 119–20; and Latin America, 107; and neoliberalism, 45, 85, 107–15, 116–20, 250; and Poland, 22, 107–17, 233; and political participation, 45; and transitions, 22, 45
- Silva, Eduardo, 16
- Simmons, Beth A., 19
- Simons, Henry, 34
- SITRA (*Suomen Itsenäisyyden Juhlarahasto*) (Finnish Innovation Fund), 123
- Skrzypek, Sławomir, 235–36, 235n
- Slobodian, Quinn, 3, 19, 20, 26n, 32, 35n
- Slovenia, 122, 127, 224
- SocMa (business group), 157
- Sommerville, Hernán, 96, 151
- social democracy, 42–43; and Argentina, 90–91; and alternative political projects, 90–91, 110, 112–13; and Estonia, 118, 123–24, 260; and neoliberalism, 42–43, 61, 90–91, 110, 112–13, 123–24; and Poland, 110, 112–13; and social-democratic development projects, 90–91; and social-democratic strategy, 45; third way, 61
- social dialogue, 114, 169. *See also* corporatism
- socialism, 27, 41; and alternative political projects, 95–96, 150–51, 203, 222–23, 261–62; and Chile, 92, 95–96, 150–51, 180, 199–200, 222–23, 243, 261–62; and Eastern Europe, 41; and Estonia, 107n21; and neoliberalism, 27, 92, 95–96, 150–51, 203, 222–23, 243, 261–62; and Poland, 141; reform, 141; state, 41
- socialist calculus debate, 26
- social movements, 4–5, 10, 13n, 16, 267; and Argentina, 91–92, 97–98, 155, 229–31, 263, 265; and alternative political projects, 10, 77, 91–92, 111, 115–17, 210, 229–31, 261–62, 267; and Chile, 260, 261, 264–65; in Eastern Europe, 10, 16, 105, 131; and Estonia, 115–17, 260, 264–65; and ethnic politics, 115–17, 123n34; and labor unions, 13n, 44, 77, 91–92, 98, 109, 109n, 110, 117, 126, 210; and Latin America, 10, 16; and mining, 109–10, 126; and neoliberal resilience, 10, 16, 111, 115–17, 229–231, 267; and Poland, 108–11, 126, 265; and Polanyi, Karl, 10; and populism, 4–5, 258, 260, 264, 264n, 265; and protests, 10, 13n, 16, 44, 97, 105, 108–9, 109n, 110–11, 116–17, 126, 131, 210, 229, 261, 263; and strikes, 44, 155; and transitions, 105; and unrest, 89, 97, 108, 126, 146, 155
- Social Security Fund for Peasants (Poland), 112
- Soviet Union, 106–7, 116–18, 159, 166, 224, 225; and industrialization, 120
- Spain, 2, 45n
- Spiller, Pablo T., 98n15, 228
- SQM (business group), 146, 148, 151, 203
- Srinivasan, T. N., 29
- Stability and Growth Pact, 238
- Stallings, Barbara, 19
- state capture, 48. *See* corruption
- state ownership, 6, 41; and alternative political projects, 109–10, 114, 125, 127, 153, 155, 169–73; and agriculture, 141, 161; and Argentina, 104, 138–40, 139, 140, 153–55; and Chile, 87, 139, 140, 143–45; and clientelism, 41; and coalition-building, 109–10, 127, 132, 153, 169; and corruption, 41; and cronyism, 41; and Eastern Europe, 41, 135; and employment, 141; and Estonia, 141, 142, 159, 159–60, 160n, 161, 163; and Latin America, 41, 135; and mining, 129, 140n; and nationalization, 87, 104, 138–40, 143–45; and neoliberalism, 6, 39–42, 110, 114, 125, 127, 132, 153–55, 169–73; and Poland, 109–10, 127, 132, 141, 142, 168–69, 174; and public utilities, 63n; and rent-seeking, 41; and restructuring, 110, 114, 127, 139, 160n, 163; and shock therapy, 116; and SOEs (state-owned enterprises), 110, 114, 125, 127, 132, 138–42, 153–55, 159–60, 168
- Steen, Anton, 186
- Steinberg, David A., 63

- Stepan, Alfred, 38, 45n, 46, 181
- Stiegler, Georg, 29, 41
- stop-go cycles, 31, 54, 264
- Strategy for Poland, 113–14
- Streeck, Wolfgang, 9n6, 25, 36n, 47n13
- structuralism, 28
- subprime crash, 8
- Suchoka, Hanna, 111–12, 211
- suffrage. *See* electoral franchise
- surplus, 104, 238–39, 241, 243, 245, 254–55
- Swedbank, 164
- Swedish Central Bank, 165, 173
- Sznajder, Aleksandra, 114
- Taagepera, Rein, 186n10, 192
- Tapia, Matías, 222
- Tarand, Andres, 239
- Techint (business group), 88, 153, 154, 156, 157, 158
- technocrats, 61; and Argentina, 85, 101, 254; and Chile, 85, 89, 94, 96, 144, 146; and dictatorships, 84, 85, 89, 144; and finance, 89, 144; hawkish, 96; insulation of, 254; and Latin America, 84; and neoliberalism, 61, 85, 89, 96, 101, 128n, 144, 146, 189, 254; and Poland, 128n, 189, 236, 254; and technocratic scenario for the crisis of democracy, 259
- Terk, Erik, 161–62
- terrorism, 180
- Thatcher, Mark, 17, 19
- Thyssen, 156
- Tommasi, Mariano, 98n13, 228
- transitions: and Argentina, 90–92, 97–98, 184–85; and Chile, 92–94, 144, 149, 181–84; to capitalism, 12, 43–45, 105, 113–14, 135, 137–38, 141, 162; from communism, 22, 105–7, 141, 162, 195, 254; and constitutions, 176–79, 181, 187, 189, 190, 254; and Eastern Europe, 12, 43, 45n, 105, 137–38, 141, 162, 166, 178–80, 185, 254; and Estonia, 115–16, 141, 186–87, 195, 212–13, 254; and Latin America, 12, 43, 45n, 137–38, 178–80, 185; literature on, 267; and lustration, 210; to neoliberalism, 43–45, 45–46, 113, 135, 144, 149, 176, 212–13; and O'Donnell, Guillermo, 12, 45–46; and Poland, 105–7, 113–14, 141, 162, 166, 187–90, 210; and privatization, 135, 137–38, 141, 159, 162, 166; and Schmitter, Philippe C., 12, 45–46; and shock therapy, 22, 45; and social movements, 105
- trilemma of monetary policy in an open economy, 31
- Tsebelis, George, 12
- Tufte, Edward Rolf, 37
- Tullock, Gordon, 33–34, 35
- Turkey, 266
- UIA (industrials association) [Argentina], 102n, 103
- Urzúa, Francisco, 146n, 148
- Uruguay, 22
- USA (United States of America), 29, 94n, 103, 185, 263n
- Valev, Neven, 72, 78
- value-added goods, 93, 97, 104
- Vial (business group), 144, 147
- Vienna, 28
- Viner, Jacob, 28–29
- Virginia School, 3n, 25–26, 32–36; and Buchanan, James, 3n, 26–27, 32–36; and constitutional design, 26, 33–36; and the delegation of policymaking, 35; and economic freedom, 32–33, 36; and individual liberty, 33–34, 35; and institutional design, 32–36; and interventionism, 34–35; and Friedman, Milton, 32, 32n; and Hayek, Friedrich, 32–35; and Madison, James, 34; and majoritarianism, 32–34, 36; and neoliberalism as polity, 14, 25–26, 32–36; and protecting markets/capitalism from democracy, 3n, 32–36; and taxation, 33–34; and the tyranny of the majority, 33–34; and the veto power of the proprietor minority, 36

- von Mises, Ludwig, 27, 34
- vulture funds, 263n3
- wages, 13, 53–55, 91, 110, 114, 116, 206–7
- Wagner, Richard Edward, 32, 258
- Wałęsa, Lech, 110, 113, 167, 188, 189, 210–12, 210n30, 232, 254
- Warsaw City Hall, 235n
- Washington Consensus, 41, 55–56, 60
- Weber, Max, 15
- welfare, 13, 32n, 55, 63n, 266
- the West, 38, 108–9, 110, 114, 141, 173, 191n, 246, 259
- works councils, 167–68
- World Bank, 18n, 28, 29, 35n
- World War I, 6, 28
- World War II, 106, 107n21, 160, 161–62
- WTO (World Trade Organization), 83, 94, 115, 133
- Yaconi–Santa Cruz (business group), 149
- YPF (national oil company), 138, 155–56
- Yugoslavia, 141
- Zaldívar, Andrés, 199–200
- Zohlnhöfer, Reimut, 74