IdPS Interdisciplinary Political Studies
Number 12 Issue 1/ July 2026
ISSN 2039-8573 online
DOI: 10.1285/i20398573v12n1p17-40
Published by
University of Salento
Department of Human and Social Sciences

RESEARCH ARTICLE

Power and Convergent Institutional Change

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Abstract

This article advances a mechanism-based framework for episodes of institutional change that are abrupt yet convergent across cases. Building on the idea that institutions are embedded in power relations, the article distinguishes two logics linking shifts in power to rapid change and clarifies why institutional trajectories may sometimes align or diverge across cases. The first is the familiar disruption logic of critical junctures, where loosened constraints raise contingency. The second, focal junctures, captures moments when power asymmetries and interdependence compress the feasible set, steering actors toward similar institutional choices. Two empirical cases of focal junctures—Latin American structural reforms during the debt-crisis era and global tax-structure convergence under financial globalization—illustrate this argument. Together, they show how particular configurations of power can generate rapid convergence across cases in key policy domains.

Keywords: Institutional Change; Abrupt Change; Convergence; Power Relations; Structural Power; Focal Junctures; Mechanisms of Change

Introduction

Over the last half century, neo-institutionalist perspectives have underscored how institutions shape social and political life (Hall & Taylor 1996; Immergut 1998; Peters 2019). Across neo-institutionalist traditions, institutions are commonly understood as relatively stable patterns of rules and practices that shape behavior by providing a "logic of appropriateness" (March & Olsen, 2011). In this vein, the stability of institutions—and the shared knowledge surrounding them—indicates their degree of institutionalization and their capacity to frame social relations effectively.

Institutional stability has also been closely linked to power. Authors from diverse traditions and approaches have recognized the distributive character of institutions: they allocate advantages and protect interests. This link between stability and power appears even within institutionalist traditions that emphasize collective gains or solutions to coordination problems. Particularly illustrative is Douglass North's (1990) claim that institutions are not typically designed for social efficiency; rather, they reflect the preferences of actors with bargaining power.

This link between power and stability also helps explain why institutional change is often difficult to account for (Pierson 2000). This dual emphasis—on stability and on the embeddedness of institutions in power relations—poses a familiar puzzle: if institutions, in some sense, reflect a configuration of power relations, how should we explain episodes of abrupt institutional change? Moreover, as Acemoglu and Egorov (p. 366) note, "the groups that are empowered by current institutions benefit from these institutions and thus use their power to maintain them." How, then, can we explore the dynamics of institutional

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change without treating institutions as either fully autonomous from power or merely epiphenomenal to it?

Understanding large, rapid institutional change in relation to power can be particularly difficult. Political science relies on the main dedicated concept for studying such change: critical junctures. In this framework, short periods arise in which, due to some disruption, structural constraints relax, contingency becomes salient, and divergent paths may be selected and subsequently reinforced (Capoccia & Kelemen 2007). In this sense, if institutions are typically embedded in power relations that sustain them, their abrupt change should be linked to a loosening or disruption of those very power relations.

In this vein, Acemoglu and Robinson (2012, 106–7, 110, 332) argue that critical junctures are commonly understood as periods in which "a major event or confluence of factors disrupts the existing balance of political or economic power." However, generic references to such "relaxation" can leave the power problem under-specified within the framework, sidestepping rather than directly analyzing how power reconfigures during these windows.

Building on prior clarifications, this article argues that what remains less developed is an explicit theorization of how distinct configurations of power, and shifts within them, generate distinct forms of institutional change.

At a methodological and conceptual level, a central limitation of the literature lies in the way critical junctures have been characterized. Rather than being grounded in explicit causal mechanisms, they are often defined through the enumeration of associated attributes—such as contingency, the relaxation of structural constraints, and the emergence of divergent legacies. As Capoccia (2016) notes different authors use the term in different ways; this variation reflects the absence of a shared mechanism-based foundation. Consequently, abrupt change is commonly portrayed as a context in which constraints weaken, contingency becomes decisive, and institutional trajectories diverge across cases, leaving convergent outcomes largely outside the framework's core analytical expectations (Collier & Munck 2022).

The contribution is to shift conceptualization from trait-listing to mechanisms. Substantively, treating institutions as embedded in power relations broadens how we think about abrupt change. Classic work on embeddedness and the distributive character of institutions (Polanyi 2001 [1944]; Granovetter 1985; Hall & Taylor 1996; Moe 2005) suggests that stability reflects underlying power configurations that allocate advantages and protect interests. From this vantage point, rapid change need not be understood only as a relaxation of constraints that elevates contingency; it also invites attention to how shifts in power—including moves toward greater asymmetry—can restructure institutional alternatives within a short window.

While existing accounts often refer to power in the analysis of institutional change, they tend to leave underspecified the mechanisms through which configurations of power generate distinct patterns of constraint. In particular, the literature has not systematically theorized how these configurations can produce not only divergence but also rapid cross-case convergence. This article seeks to address this by linking configurations of power to the production of structural constraints and, through them, to distinct patterns of institutional change.

Against this backdrop, we distinguish two mechanisms linking shifts in power to abrupt institutional change. The first is the well-established destabilization path associated with critical-junctures research. As Acemoglu and Robinson emphasize, major shocks can upset the prevailing balance of political and economic power, destabilizing structural constraints and loosening the parameters that had previously channeled behavior. These conditions raise uncertainty and widen the scope for contingent agency, making divergent institutional trajectories and differentiated legacies more likely.

The second—less theorized in the literature—captures episodes in which power reconfigures to tighten and align constraints across units. As available institutional options narrows, a small subset becomes focal, and rapid cross-case alignment becomes a plausible outcome. We specify scope conditions and observable implications for both mechanisms, treating divergence and convergence as outcomes rooted in shifts within the power relations that embed institutions.

Focusing on the second logic brings into view a form of abrupt change that has been underexplored; in the corpus compiled by Collier and Munck (2022), only two influential studies even consider convergent legacies, and the most recent dates back nearly forty years. Absent an explicit, power-centered account of how shifting configurations tighten and align constraints across units, such convergence is often classified as diffusion or treated as anomalous, leaving unexplained why institutional change can converge quickly across cases.

Following the conceptual discussion, the article briefly illustrates two cases of this second logic—focal, convergent rapid change. First, an instrumental focal pathway: Latin American structural reforms in the 1980s–1990s, where crisis bargaining, external leverage, and conditionality reweighted payoffs and steered governments toward similar reform packages. Second, a structural focal pathway: tax-structure shifts under heightened capital mobility and integration, where tighter, aligned constraints and readily available templates made cross-country alignment the modal response.

The remainder proceeds as follows. The next section clarifies how critical junctures have been conceptualized in the literature and motivates a mechanism-based approach to abrupt change. The third section develops a baseline framework that links stability, constraints, and agency. The fourth section formalizes two logics—one organized by disruption, the other by focal alignment—with clear scope conditions and observable implications. We close with two short illustrations (Latin American structural reforms; tax-structure convergence under global capital mobility) and a brief conclusion.

Conceptualizing Abrupt Institutional Change: From Descriptive Usage to Mechanisms

Political science debate has tended to discuss different characteristics associated with the concept of critical junctures in isolation, rather than adopting a more theoretically encompassing view. Recently, Collier and Munck (2022) conducted a valuable meta-analysis reviewing the dimensions that many of the most renowned authors within this theoretical framework attribute to the concept of critical junctures.

The meta-analysis evaluates the importance that authors assign to contingency and to the production of enduring legacies—typically conceptualized as divergent across cases—and so forth. This review prompts the question of whether these studies share a sufficiently similar characterization to allow progress toward a more representative and common conceptualization of critical junctures.

For most authors, contingency and particularly the emergence of divergent legacies across various units of analysis, are viewed as intrinsic features of critical junctures. This emphasis is reflected in the empirical focus of the literature, where convergent trajectories are rarely theorized as central outcomes.

Accordingly, processes yielding convergent legacies and in which contingency plays a secondary role should not be classified as critical junctures. Those interested in analyzing such abrupt changes should therefore examine them outside the framework of critical junctures and potentially develop specific heuristic tools for this purpose.

However, David Collier (2022) addresses this issue by proposing a working definition of critical junctures. Yet even in this reformulation, convergence is not incorporated as a central analytical expectation, and the resulting conceptualization may introduce new uncertainties for the study of structurally convergent change processes. Collier's concise definition states that "a critical juncture is (1) a concentrated, macro episode of innovation that (2) generates an enduring legacy." The production of divergent legacies and the predominant role of contingency are treated as related properties of the concept.

This new conceptualization, on one hand, has the deliberate aim of being comprehensive, in the sense of accommodating various perspectives and issues within the framework of critical junctures. However, because contingency and the differentiation of legacies are still treated as related properties, it remains unclear how structurally convergent changes could fit within the framework. Since Collier categorizes his proposal as a "working definition," this suggests that it remains open to debate and to further theoretical refinement.

The study of abrupt political changes occurring in convergent waves thus faces a challenging situation even under Collier's definition. If we consider the two points of the general definition, such cases would appear to qualify as critical junctures. However, if we take into account the related properties and the perspective of the majority of contemporary authors, these processes do not clearly fall within this category.

As a result, processes of abrupt but convergent institutional change tend to remain theoretically under-specified and comparatively understudied within the dominant framework. Moreover, when faced with abrupt change, there may be a tendency to privilege contingent explanations in order to align it with the dominant understanding of critical junctures. This would be a case of the problem of the 'golden hammer' or the 'law of the tool', which states that "when I only have a hammer, everything looks like a nail" (Kaplan, 1964).

Leading definitions of critical junctures emphasize contingency, indeterminacy, and the potential for divergence across cases (Gerring 2012; Soifer 2012; Bernhard 2015; Capoccia 2016). The expectation of differentiation across cases becomes analytically central, as outcomes are understood to depend on small, often unpredictable events rather than on structured constraints (Mahoney 2000, 2001; Collier and Collier 2002). While this perspective has generated important insights, it narrows the analytical scope of the framework: processes in which strong structural asymmetries constrain the feasible set—producing convergent outcomes—are difficult to conceptualize within its terms.

We are thus confronted with a problem related to concept formation, which in the case of social sciences can be addressed through different methodological strategies and grounded in diverse epistemological perspectives. Without needing to take a stance on these underlying issues, this paper will attempt to explore a different approach to the problem of conceptualizing abrupt political changes with structurally convergent characteristics, as well as their relationship with the framework of critical junctures.

Concept formation in the study of abrupt institutional change has largely proceeded through the identification of recurring attributes and empirical similarities across cases. Yet this approach raises a familiar problem: without a clearer theoretical account of why particular attributes co-occur, it remains difficult to determine which characteristics are conceptually central and which are secondary or derivative. In this sense, debates surrounding critical junctures often risk remaining at the level of descriptive trait-listing rather than advancing toward a clearer specification of the mechanisms generating these observable patterns.

Experimental psychology research demonstrates that individuals' prior knowledge of a concept extends beyond its defining characteristics or attributes to include a representation of causal mechanisms that interconnect these attributes and explain their correlation or simultaneous occurrence (Rehder 2003ab). In a sense, this notion is trivially true and well-known, as exemplified by Murphy and Medin (1985:290): our prior causal knowledge allows us to group vapor, ice, and water under a single concept, despite their differing observable attributes.

Even more significant is the relationship between concepts and theory in the social sciences, where concepts have been regarded as the building blocks of all inferences, and the formation of concepts is clearly theory-driven (Gerring 1999). Along this line, the discussion on the study of abrupt political changes could progress from merely enumerating the characteristics and properties with which critical junctures have been characterized, to questioning the causal processes that explain the emergence of these observable attributes.

A theoretically oriented approach to concept formation contributes to coherence by providing criteria for associating attributes and contents with concepts (Murphy & Medin, 1985). In the case of abrupt political changes, in the next section, we pose a series of theoretical questions that may be relevant for the discussion surrounding their conceptualization: Why do contingency and diversity play such a prominent role in characterizing critical junctures for some authors? Are there reasons to expect that contingency and differentiation occur together? Are there other processes of change that occur in convergent waves, and do these processes seem to be explained by different underlying causal mechanisms?

Theoretical Foundations: Institutional Embeddness, Constraints, and Agency

One of the most significant reasons for studying institutions lies in their inherent tendency towards stability, characterized by enduring effects and evolutionary patterns that are contingent upon their historical trajectory (Moe 2005). For numerous scholars, the concept of "power begetting power" stands as the primary explanatory framework for institutional stability. This proposition posits that groups empowered by existing institutional arrangements, accrue benefits from these structures, subsequently leveraging their influence to perpetuate and uphold them. In doing so, these empowered groups perpetuate their dominance over future institutional configurations. (Acemoglu, Egorov & Sonin 2021).

The interplay between power dynamics and institutional change stands as a central focus within historical neo-institutionalism, particularly emphasizing the role of power asymmetries in shaping the functioning and evolution of institutions (Hall and Taylor, 1994). More recently, scholars such as Streeck and Thelen (2005b, p. 9) have posited institutions as distributional instruments imbued with inherent power implications. Consequently, institutions become arenas of tension, challenge, and ongoing negotiation, giving rise to various possibilities for gradual endogenous changes (Mahoney & Thelen, 2010b, p. 8).

Nevertheless, even within historical institutionalism, the emerging perspectives of endogenous change have prompted some reservations regarding the enduring influence of institutions amidst power dynamics. The primary concern pertains to the emphasis placed by these theories on how social and political interactions drive institutional transformation, potentially overshadowing the pivotal role institutions play in structuring these interactions. This perspective risks portraying institutions as excessively malleable, thereby potentially undermining their substantive causal impact in political processes (Capoccia, 2016:2).

The theoretical quandary underlying this discourse is the endogeneity dilemma, as articulated by Przeworski: the notion that institutions serve as the ultimate explanatory framework for political dynamics appears to conflict with theories positing that institutional dynamics are fundamentally influenced or shaped by other factors, such as power. In Hall's (2010, 204) formulation “by their nature, analyses designed to explain why institutions have a persistent impact on behavior tend to overstate the solidity of institutions while acknowledging their plasticity raises questions about when institutions should be seen as determinants of behavior and when objects of strategic action themselves”.

However, there exists a distance between affirming the significance of institutions and their influence on behavior, and assuming that institutional theories should consistently strive to uphold this autonomy of the institutional dimension, irrespective of the specific problem or context under examination. In this regard, it is plausible to concur with Capoccia's assertion that despite the continuous evolution of actors and contexts "the constant stream of social change does not necessarily, automatically, and fully translate into institutional change"; although not necessarily agreeing when he posits that "ultimately, the primary task of any institutional theory is to theorize why this is the case".

Social change, shifts in power distribution, or the strategic calculations of actors do not invariably or completely manifest in the institutional realm. Hence, the aim of institutional theory should be to elucidate why and when these phenomena exert a significant impact, as well as the conditions under which they do not. Institutional theory ought to possess the flexibility to discern occasions and processes where power plays a minor role in institutional dynamics, as opposed to instances where it wields substantial influence.

Theory enables us to account for reality. In this regard, since Copernicus' time, we have known that it is not prudent to define ex ante the postulates that a theory should have in any field solely based on the consequences that may derive from these postulates. The ultimate role that institutions may have, does not constitute a valid argument to refute theories of gradual change or a perspective that argues that abrupt political changes can sometimes be strongly determined by power dynamics.

On the other hand, although power dynamics may lead to gradual endogenous changes or even steer major abrupt institutional transformations, as argued here, this does not imply abandoning the explanatory role of the institutional dimension in political life. In other words, theories of institutional change can demonstrate that it responds to certain initial conditions without necessarily being solely determined by these conditions (Przeworski, 2004). Moreover, a truly comprehensive theory can discern between processes that are more strongly determined and those that are not. available institutional options narrow.

In this regard, it is argued that institutions play a fundamental role in regulating the behavior of agents, but they do not exist in isolation. Instead, they are subject to influence from the very actors they govern and the interactions among them. Institutions are deeply entrenched within a framework of power dynamics, involving the agents whose behaviors they regulate. This embeddedness implies an arrangement between institutions and the prevailing power structure within which they operate. Groups and individuals, rather than being passive observers in the realm of political and institutional dynamics, actively navigate this intricate relationship between rules and power.

Hence, modifications in power dynamics are closely linked to the occurrence of sudden institutional changes. When power balances shift, it is reasonable to expect a subsequent evolution in institutions. Generally, there has been a predominant emphasis on a singular type of change in power dynamics and its correlation with abrupt political and institutional shifts. However, this theoretical exploration may have been incomplete. Theorizing has arguably been partial, because it has not fully established the connection between various shifts in power relations, the role of contingency or structure, and their subsequent connection with either divergent or convergent legacies.

Mechanisms of Abrupt Institutional Change

As noted above, concept formation should be articulated with theory—especially with explanations of why phenomena display particular attributes. The central issue here is why some episodes of abrupt change are divergent and highly contingent, whereas others are convergent and strongly shaped by structural conditions. We propose two complementary pathways linking shifts in power configurations and the constraints they generate to rapid institutional change.

Our point of departure is an embeddedness view: institutions and policies are lodged within configurations of power; by power configurations we refer to structured distributions of control over strategically valued resources, and the relations of dependence they generate, shaping the relative power or capacity of actors to impose costs, shape payoffs, or block alternatives in a given institutional setting (Emerson 1962).

These configurations capture not only who holds resources, but how actors exercise power by mobilizing those resources in practice to sustain cooperation, discipline other actors, or exclude competing courses of action. In this sense, power configurations do not determine institutional outcomes, but define the relative capacities through which institutional change is contested and produced.

What much of the literature refers to as structural constraints is understood here as the effect of a given configuration of power. If power configurations define who can act and with what leverage, structural constraints capture the extent to which that distribution restricts the feasible set of institutional alternatives. That is, constraints become observable when certain options are rendered too costly to sustain, cannot be credibly implemented, or are effectively excluded by the distribution of power.

Empirically, variation in power configurations can be assessed by examining how control over key resources translates into the capacity of actors to impose costs, generate dependence, sustain or resist pressures, and exclude alternatives within a given domain. What varies across configurations is not only the distribution of resources, but the extent to which these capacities can be effectively mobilized to constrain the range of feasible institutional options.

Structural constraints can be observed in turn through the degree to which institutional alternatives remain viable or are systematically ruled out, as considerations operating through resource dependence, interdependence among actors, and rule-based or conditional arrangements render certain options too costly, infeasible, or unsustainable in economic, strategic, or institutional terms. In this sense, power configurations and structural constraints are analytically distinct but tightly linked: the former define the distribution of capacities among actors, while the latter capture the extent to which those capacities are successfully translated into restrictions on available institutional alternatives.

The analytical link between power configurations and patterns of institutional change operates through the degree to which configurations of power generate structural constraints that expand or restrict institutional alternatives.

When control over key resources cannot be effectively converted into sustained constraints—whether due to fragmentation, balance, or disruption—no actor or coalition can reliably impose or exclude alternatives. Constraints remain weak, institutional alternatives remain open, and institutional outcomes are shaped by contingent sequences.

By contrast, when control over key resources is sufficiently concentrated or when shifts in payoffs generate parallel incentives across actors, constraints tighten and viable alternatives become progressively limited. In these contexts, agency becomes more structured, contingency declines, and institutional trajectories are more likely to converge.

Pressures for institutional change emerge when, given the prevailing configuration of power and the constraints it generates, existing institutional arrangements are no longer able to sustain or produce a viable set of outcomes. In this sense, episodes of accelerated political-institutional change can be understood as responses to a misalignment between institutional arrangements and the underlying configuration of power, expressed either as a breakdown in the capacity to sustain existing arrangements or as a systematic failure to generate desired outcomes. Such episodes can follow different trajectories depending on how power configurations shape institutional alternatives.

Table 1. Two Mechanisms of Abrupt Institutional Change

Disruption Logic (Critical Junctures)	Focal-Alignment Logic (Focal Junctures)
Power configuration	
Destabilized or indeterminate; no actor or coalition can reliably impose or exclude alternatives	Asymmetric and/or aligned; actors or parallel shifts in incentives across actors consistently restrict available options
Translation into constraints	
Control over resources cannot be effectively converted into sustained constraints on alternatives	Control over resources or structure of incentives is effectively translated into constraints that systematically restrict alternatives
Structural constraints	
Relaxed or weak; broad range of viable institutional options	Tightened and aligned; narrow range of viable institutional options
Core mechanism	
Abrupt change often follows from the disruption of existing power relations, which prevents the consolidation of constraints and expands the feasible set	Abrupt change often follows from the tightening and alignment of constraints, either through instrumental leverage or structural alignment of incentives
Role of agency and degree of contingency	
High. Actors operate under weak constraints and expanded margins of maneuver. Outcomes sensitive to timing, sequencing, and small events	More limited. Action is shaped by restricted and aligned constraints. Outcomes structured by aligned incentives and restricted options
Expected pattern of outcomes	
Divergence; branching trajectories across cases	Convergence; clustering of institutional responses across cases
Temporal pattern	
Event-sensitive sequences; reactive and path-dependent processes	Short windows of alignment; rapid clustering following constraint tightening
Anchoring in literature	
Acemoglu & Robinson (2012); Capoccia & Kelemen (2007); Mahoney (2000); Bernhard (2015)	Lindblom (1982); Jessop (1999, 2000); Bretschger & Hettich (2002); Devereux et al. (2008); Bachas et al. (2022)

In some cases, change emerges under conditions of indeterminacy in the configuration of power. This may occur when external shocks disrupt existing power relations, or when the distribution of power is relatively balanced, such that no actor or coalition can reliably impose or exclude institutional alternatives. Under these conditions, constraints remain weak, the feasible set remains open, and outcomes are shaped by contingency. Institutional trajectories are therefore more likely to diverge—this corresponds to the disruption logic typically associated with critical junctures.

In other cases, change emerges within configurations of power that remain relatively stable but generate strong pressures for institutional adjustment. This may occur either because dominant actors possess sufficient power to impose their preferred institutional arrangements, or because multiple actors face parallel shifts in incentives that make certain institutional responses mutually reinforcing across cases. In these contexts, constraints tighten, the feasible set narrows, and a limited set of institutional responses becomes focal. Institutional trajectories are therefore more likely to converge—this corresponds to what we conceptualize as focal alignment—.

These logics are conceived as analytical mechanisms linking configurations of power to patterns of institutional change. While elements of both may coexist empirically, the framework identifies the dominant mechanism in a given episode by examining whether the configuration of power expands or compresses alternatives, thereby generating divergent or convergent institutional trajectories.

To clarify the analytical distinctions between these two mechanisms, Table 1 summarizes their core features, specifying how different configurations of power translate into distinct patterns of structural constraints, agency, and institutional outcomes. In this sense, the table summarizes the argument and offers comparative criteria for identifying each mechanism in empirical analysis.

The table highlights that the contrast between divergence and convergence is not definitional but mechanism-based, emerging from how configurations of power expand or compress the range of institutional alternatives. In what follows, we develop both logics—critical junctures and focal alignment—and, for the latter, distinguish between its instrumental variant, driven by coordinated leverage by dominant actors, and its structural variant, driven by decentralized but aligned responses to changing incentives.

Disruption Logic: The Critical-Juncture logic

Abrupt transformations may arise when prevailing power arrangements are disrupted. This is the logic underlying what North describes as discontinuous change: radical changes in institutions usually associated with wars, revolutions, economic crises, natural disasters, or other major shocks (North 1990: 89; Capoccia & Kelemen 2007: 348). A similar intuition is central to Acemoglu and Robinson's formulation of critical junctures as moments in which "a major event or confluence of factors disrupts the existing balance of political or economic power" (2012: 106). In related terms, Collier and Collier treat periods of crisis and political realignment as moments in which new institutional arrangements may be created.

For the purposes of the present framework, however, the key point is how disruption operates as a mechanism. When prevailing power relations are unsettled, control over strategic resources is no longer easily converted into stable constraints over institutional alternatives. Previously dominant actors may lose the capacity to impose costs, sustain cooperation, or exclude rival options, while no new actor or coalition is yet able to close down the range of alternatives. In this sense, disruption loosens structural constraints and expands the feasible set.

This is why contingency and divergence are commonly associated with critical junctures. When constraints weaken, actors operate with wider margins of maneuver, and outcomes become more sensitive to timing, sequencing, leadership, and relatively small events. Bernhard (2015: 976–91) captures this logic when he describes critical junctures as periods in which "the constraints of structure have weakened," enabling actors to "restructure, overthrow, and replace" key systems. Swidler (1986) similarly describes unsettled moments as periods in which choices become freer and more consequential than in settled times.

ISSN 2039-8573 online

Thus, in this framework, divergence is better understood not as a definitional attribute of critical junctures, but as the result of a mechanism. The disruption of a prevailing configuration of power weakens structural constraints, expands the feasible set, increases the role of agency and contingency, and makes institutional trajectories more likely to branch across cases.

Focal Alignment: The Focal-Juncture Path

This pathway operates through two mechanisms: an instrumental one, in which coordinated leverage narrows the range of institutional options; and a structural one, in which institutional alternatives become restricted through decentralized adjustments across actors facing similar changes in incentive structures, thereby inducing parallel responses without prior coordination In empirical settings, both may coexist, but one typically plays the leading role in restricting institutional alternatives.

a) Instrumental focal juncture

In the instrumental mechanism, abrupt change can follow from an external shock that increases power asymmetries among actors. The prevailing balance in the control of resources is transformed, asymmetries deepen, and actors in relatively stronger positions within this configuration acquire the capacity to impose costs, shape incentives, and restrict the range of actions available to others, using leverage to steer outcomes toward similar institutional solutions. Within this instrumental dynamic, they enforce a limited set of options, thereby inducing convergence within a constrained range of institutional responses.

The Latin American structural reforms following the 1980s debt crisis exemplify this pattern. The sharp increase in international interest rates, combined with high external indebtedness and limited access to alternative sources of finance, reconfigured power asymmetries between debtor governments and external creditors. Large private banks, international financial institutions, and governments of central economies were thus able to exert coordinated leverage that induced convergent reform packages across multiple countries.

In this context, access to external finance and debt renegotiation was tied to time-bounded policy milestones. Governments internalized these constraints, which compressed domestic choice sets and raised the costs of delay. In practice, this produced synchronized policy bundles—stabilization, trade liberalization, financial opening, and privatization—with sequencing organized around negotiation calendars. Convergence reflected credible penalties for deviation embedded in financing arrangements, rather than imitation.

b) Structural focal juncture

In the structural pathway, abrupt change follows from a reconfiguration of power that alters the broader structure of incentives faced by a wide range of actors, without relying primarily on coordinated enforcement. Changes in the control, mobility, or relative scarcity of key resources reshape the constraints under which actors operate across multiple contexts. Rather than being driven by coordinated leverage, the restriction of the feasible set emerges from the way these constraints act across actors facing similar incentive structures.

In this mechanism, the compression of alternatives results from a generalized reweighting of incentives. As similar constraints operate across contexts, certain policy options become increasingly costly or difficult to sustain; actors adjust in parallel, narrowing the range of viable institutional responses. Convergence thus emerges not through coordinated pressure, but through decentralized adaptation to a shared structure of constraints. Under these conditions, some institutional designs become comparatively safer and more sustainable across cases, and are therefore more likely to be adopted.

A paradigmatic case is the transformation of the international monetary and financial system following the breakdown of the Bretton Woods order and the progressive liberalization of capital flows. As capital mobility increased and cross-border financial integration deepened, the relative power of mobile capital expanded, altering the strategic environment in which national policies were formulated.

The worldwide diffusion of modern VAT systems, the spread of base-broadening corporate tax reforms, and subsequent coordination efforts to curb tax avoidance illustrate this dynamic. These developments did not centrally impose convergence, but rather codified and reinforced adjustments already induced by the underlying structure of incentives, with policy diffusion and international influence shaping their adoption.

Empirically, the predominance of one mechanism over the other can be assessed by examining whether the restriction of alternatives is primarily driven by coordinated leverage and conditionality, or by parallel adjustments to a shared structure of incentives. In both pathways, elements of the alternative mechanism may be present; however, the distinction identifies the dominant process through which institutional alternatives become restricted.

Reading Change Through Mechanisms

The preceding discussion conceptualizes disruption and focal alignment as mechanisms linking configurations of power to patterns of institutional change, specifying how constraints shape institutional alternatives. This perspective also accounts for episodes of abrupt but convergent change, understood as instances of focal alignment, where convergence emerges from the restriction of alternatives—either through coordinated leverage and conditionality or through parallel adjustments to shared incentive structures, with the analysis focused on identifying the dominant process at work. Taken together, this framework allows institutional change to be conceptualized not in terms of isolated attributes, but as the outcome of underlying causal mechanisms.

Illustrative Cases Of Focal, Convergent Rapid Change

As discussed above, when units are embedded in a shared structure of power asymmetries and interdependence, markedly divergent outcomes are unlikely, and minor contingent events have limited influence. If power relations shift in similar ways across multiple units, abrupt change with convergent results is to be expected. In what follows, this logic of focal, convergent rapid change is illustrated through two cases. The first is an instrumental focal juncture and the second, addressed in the next subsection, is a predominantly structural focal juncture

Instrumental Focal Pathway: First-Generation Structural Reforms in Latin America (1980s–mid-1990s)

Throughout the 1980s, Latin America underwent an accelerated and far-reaching transformation of its economic–institutional framework across multiple arenas. Rarely had the region experienced changes of such depth and scope simultaneously across many countries. Trade regimes opened and non-tariff barriers were dismantled; financial systems were liberalized and domestic markets deregulated; tax systems were reconfigured—with VAT adoption/expansion and base broadening—while state-owned enterprises were privatized and labor-market rules revised.

To capture the magnitude of these changes in a comparable way, this article uses the Structural Reform Index (Morley, Machado, & Pettinato, 1999), which measures the extent of market-oriented reforms across five policy domains—trade, finance, taxation, privatization, and labor regulation—on a 0–1 scale (0 = extensive state intervention; 1 = full liberalization). The country-year value is the mean across domains and summarizes changes such as tariff reductions and the dismantling of quotas, financial and capital-market opening, VAT adoption and tax-base broadening, the privatization of state-owned enterprises, and the deregulation of labor markets.

To avoid overstating the uniformity of a longer and more complex process, the analysis is restricted here to the first generation of reforms triggered by the debt crisis, that is, to the phase in which external constraints were most sharply compressed and policy alternatives most tightly restricted.

Figure 1. Structural Reform in Latin America, 1982–1994: Levels and Cross-Country Convergence (17 countries)

Notes: Boxes show the interquartile range (IQR); whiskers show the full cross-country range. The Structural Reform Index ranges from 0 (extensive state intervention) to 1 (full liberalization). See Appendix for components and country coverage. Source: Own elaboration based on Morley, Machado, and Pettinato (1999).

The extent and convergence of change can be appreciated in Figure 1, which plots the annual distribution of the index for seventeen countries between 1982 and 1994. Boxes represent the interquartile range and whiskers the full cross-country span. The regional average rises from about 0.55 in 1982 to above 0.80 in 1994, while dispersion narrows markedly—especially after 1989. Read as a whole, Figure 1 shows both intensification and convergence: reforms deepen and become increasingly uniform across countries.

This pattern is especially significant because it emerges despite substantial cross-national variation in initial conditions, including differences in indebtedness, inflation, political regimes, and timing of crisis exposure. Such variation makes a purely contingent or domestically specific account less convincing, and instead suggests the operation of external constraints that systematically narrowed policy alternatives across cases.

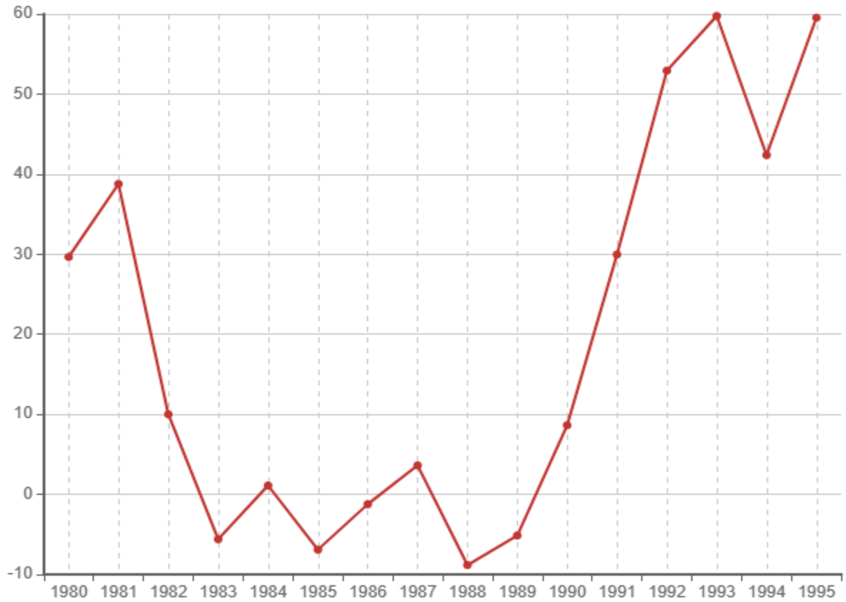
The path to this outcome began in the 1970s and exhibits the hallmarks of an instrumental focal juncture. Oil-price shocks generated large international liquidity concentrated in Northern banks (Bárcena, 2012; Traversa 2021); many Latin American governments—often authoritarian by the late 1970s—borrowed heavily at floating interest rates (Helleiner, 1996).

When the United States shifted to an anti-inflation strategy in 1979, global rates rose sharply and debt burdens became unsustainable (Ocampo, 2014).

In 1982, Mexico declared a moratorium; private capital inflows collapsed across the region, and the solvency of major creditor banks in advanced economies came under question—over a thousand institutions in the North were exposed to potential losses (Altimir & Devlin, 1994). As solvency concerns spread, a focal power configuration emerged: actors with concentrated leverage—private banks, creditor governments, and international financial institutions—were able to narrow the policy options available to debtor governments, effectively reducing domestic margins of action and thereby restricting the range of viable policy responses (Figure 3 summarizes this asymmetric constellation).

The external financing squeeze is visible in Figure 2, which reports net capital flows to Latin America between 1980 and 1995: inflows recede around the crisis years and remain weak for much of the decade, tightening domestic constraints and raising the political costs of delay (Ocampo, 2014). Initial attempts at debtor coordination in 1984 did not yield better terms (Tussie, 2013). As risks of systemic contagion mounted, private banks, creditor governments, and the IMF/World Bank moved toward conditional financing—new money and rollovers tied to policy reforms aimed at restoring external balance and debt service (Stallings, 2014).

Figure 2. The debt crisis: net capital flows to Latin America (USD billions), 1980–1995.



Notes: *Net capital flows for Latin America; values by year. Lower inflows coincide with crisis years and conditionality leverage.* ***Source:*** *Own elaboration based on ECLAC data*

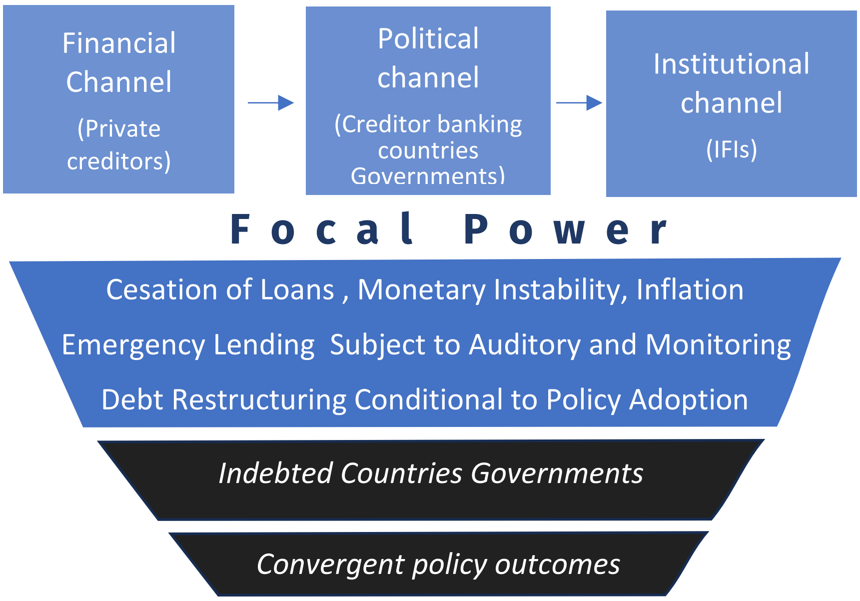
In practice, funds were withheld from countries in moratorium; currency pressures and shortages of foreign exchange fueled devaluations, and the pass-through to prices heightened domestic political strain in a region navigating democratic reopening (Ocampo, 2014). Contemporary observers noted the breadth of policy change, highlighting the widespread adoption of free-market policies across virtually all countries and regimes under structural adjustment programs promoted and imposed by the IMF and the World Bank (Veltmeyer, Petras, & Vieux, 1997, p. 123).

Within this context, crisis management was organized into an institutional pathway. The Baker Plan (1985) sought to avert a wave of defaults by offering limited new lending in exchange for structural-adjustment commitments; when debt stocks remained excessive and fresh credit scarce, the Brady Plan (1989) introduced debt-reduction exchanges (Brady bonds) conditional on reform programs and IMF oversight (Machinea, 2002).

A contemporaneous codification of both policy content and instrumental pressure was the Washington Consensus (Williamson, 1990), which explicitly linked access to lending and debt operations to macroeconomic adjustment and a package of structural measures—trade and financial opening, tax reform with VAT adoption/expansion, privatization, and deregulation—under strong conditionality. These initiatives did not create the crisis; they structured its resolution in a way that made reform convergence the only viable route to external finance.

The argument advanced here therefore differs from accounts that explain this regional similarity mainly in terms of policy diffusion or ideational persuasion. The central mechanism was not imitation as such, but the restriction of policy alternatives under conditions of asymmetric leverage, where deviation became increasingly costly. Consistent with this reading, the troughs in Figure 2 cluster around the years when leverage to enforce conditionality was strongest.

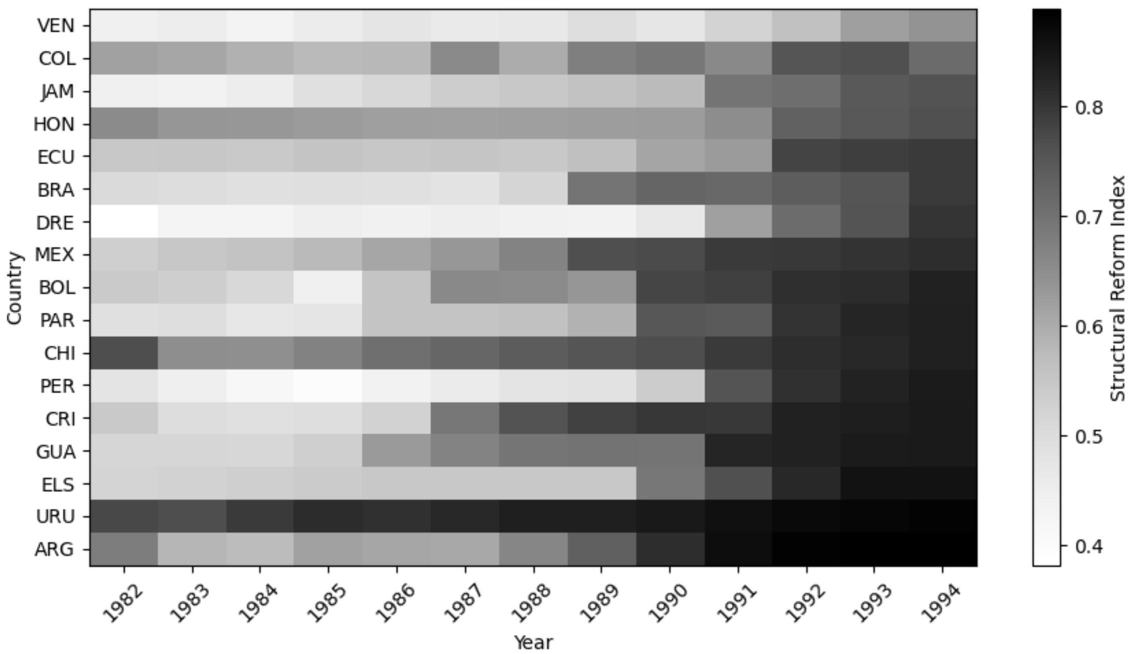
Figure 3. Asymmetric Power in Debt Negotiations: From Crisis to Conditionality



Notes: Conceptual map of the creditor banks–creditor governments–IFIs constellation that narrowed debtor governments' feasible sets. Own elaboration.

While these processes clearly exhibit the features of an instrumental focal juncture—namely, coordinated leverage and conditionality—they also unfolded within a broader transformation of the international financial environment that reinforced these pressures. In this sense, structural elements linked to global financial integration and shifting creditor–debtor relations operated alongside instrumental mechanisms, even if the latter played the predominant role in restricting available policy options.

Figure 4. First-Generation Structural Reforms after the Debt Crisis: Country-Year Heatmap of the Structural Reform Index, 1982–1994 (17 countries)



Notes: Lighter tones=lower liberalization; Darker tones=higher liberalization.
Source: Own elaboration based on Morley, Machado, and Pettinato (1999).

Figure 4 displays a country-year heatmap of the Structural Reform Index, now allowing the trajectories of individual countries to be observed over time. It shows how early heterogeneity gives way to a broad and largely generalized movement toward higher levels of liberalization. Along most country rows, lower values in the early period are gradually replaced by higher values later on, indicating that convergence was not confined to a subset of cases but extended across the region as a whole.

This configuration also implies a set of observable expectations: reforms should cluster temporally around key financing and renegotiation episodes—such as the Baker and Brady Plans—policy changes should appear in bundled form rather than as isolated decisions, and cross-country variation should decline as alternatives are progressively ruled out. The evidence presented in Figures 1 and 4 is consistent with these expectations.

Taken together, the financing constraint, conditionality, and coordinated leverage operated as a configuration that systematically narrowed policy alternatives, making convergence the path of least resistance—consistent with an instrumental focal juncture. The observed regional alignment is thus not merely a descriptive regularity, but the expected outcome of a context in which policy alternatives were systematically narrowed across cases.

Structural Focal Pathway: Tax-Structure Convergence under Global Capital Mobility

As shown above, instrumental pressure triggers focal junctures from a central locus. Structural power, by contrast, operates through dispersed incentives and interdependent expectations that converge policy movement toward a limited set of focal institutional choices; worldwide tax reforms in the post-1970s period offer a clear illustration of this dynamic.

Beginning in the late 1970s, the gradual dismantling of Bretton Woods capital controls and the liberalization of financial markets altered the strategic environment in which national tax policy is made. Cross-border finance expanded, foreign direct investment surged, and both profits and real activity became easier to shift across jurisdictions. In Lindblom's terms, the structural power of business—the capacity to discipline governments through exit threats and confidence effects—became more salient as investment decisions could be redirected rapidly across borders (Lindblom, 1982). In such a setting, the viable tax choices narrows: policies that visibly burden mobile capital invite swift economic sanctions, while designs that are more robust to mobility become relatively attractive.

This broader transformation has been widely interpreted as a structural shift in the relationship between states and mobile capital. Increasing capital mobility exposes governments to a competitive environment in which capital taxation becomes progressively harder to sustain, generating systematic pressure to reduce the tax burden on mobile bases and to reallocate part of that burden toward less mobile ones. Swank and Steinmo (2002, p. 642) similarly argue that internationalization, domestic economic change, and budgetary pressures together "create a system of constraints on altering the level and distribution of tax burdens."

In line with this pattern, Bachas, Fisher-Post, Jensen, and Zucman (2022) show that, across a large set of countries, effective taxation has shifted over time, with higher burdens on labor and declining effective taxation of capital. Similarly, Bretschger and Hettich (2002) show that greater economic integration is associated with lower corporate taxation and a relative shift toward labor in OECD countries. From this perspective, tax competition is not merely a sequence of independent policy choices, but the expression of a shared structure of constraints generated by capital mobility and interdependence (Hines, 2005; Sørensen, 2007; Zodrow, 2010).

A significant body of comparative research reads the ensuing tax changes as structurally induced interdependence rather than idiosyncratic drift. Empirically, these structural constraints become visible through strategic interaction among states, as tax-policy choices turn increasingly interdependent under conditions of high capital mobility. Econometric studies detect strategic interaction in corporate tax settings: countries adjust statutory rates in response to one another, while evidence also points to competition over effective marginal tax rates (Devereux, Lockwood, & Redoano, 2008; Overesch & Rincke, 2011).

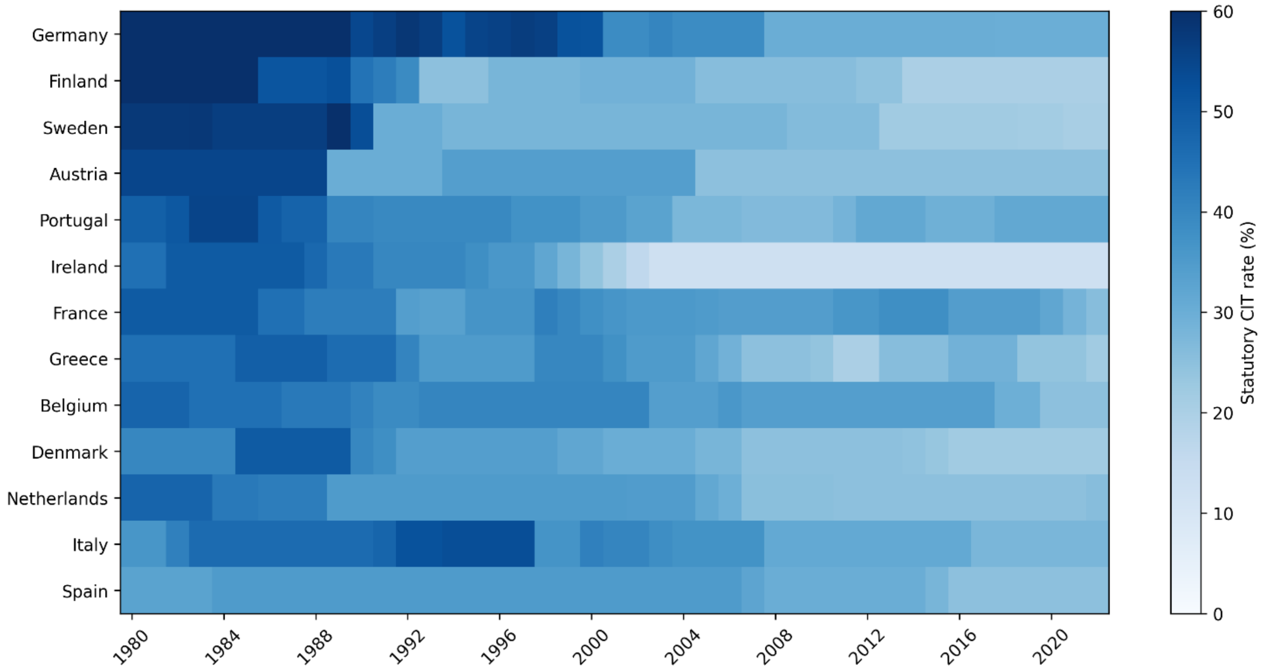
Timing and form are consistent with a structural focal juncture rather than contingent drift. The United Kingdom began large CIT cuts in 1984 and cross-sectional dispersion in headline rates begins to shrink around the mid-1980s. The U.S. Tax Reform Act of 1986 (TRA-86), which combined substantial statutory rate cuts with base broadening, reinforced a broader pattern already emerging across advanced economies under increasing capital mobility and tax competition (Hines, 2005; Swank & Steinmo, 2002).

These developments suggest a predominantly structural pattern in which increased capital mobility generated a shared structure of incentives across countries, prompting parallel and interdependent policy responses. This pattern is reflected in the sharp and widespread decline of statutory corporate tax rates since the early 1980s, a process for which tax competition has been identified as a central driver (Hines, 2005). As integration deepened, the effects of tax competition became increasingly differentiated across countries (Genschel & Schwarz, 2012).

In this context, smaller economies—better able to exploit capital mobility—often moved more aggressively in reducing corporate tax rates, thereby altering the broader competitive environment (Genschel & Schwarz, 2012). . This pattern may be read as less consistent with accounts that emphasize policy diffusion as the primary driver, insofar as lower tax rates appear to be more closely associated with smaller economies than with jurisdictions typically linked to policy leadership. In this sense, these adjustments did not simply diffuse as models to be imitated; rather, they contributed to redefining the set of viable responses available to other jurisdictions, fostering increasing interdependence among them. As these responses unfolded, they translated into constraints that restricted policy alternatives, narrowing the range of viable options and fostering convergence across cases.

While these developments are broadly consistent with the operation of structural incentives, they do not exclude the role of instrumental and coordinative mechanisms. Common anti-avoidance rules and shared standards for protecting the corporate tax base have introduced a degree of harmonization in key dimensions (Spengel et al., 2026), constraining opportunities for arbitrage and reducing the scope for divergence. Such developments suggest a configuration in which competitive adjustments and processes of policy diffusion and coordination evolved in tandem. In this view, coordination helped organize and stabilize patterns already underway, while structural interdependence remained the predominant source of convergence. Convergence thus appears to emerge from increasingly binding constraints operating within an integrated and interdependent policy environment, progressively narrowing the range of viable institutional alternatives.

Figure 5. Statutory CIT — EU-15 (1980–2022)

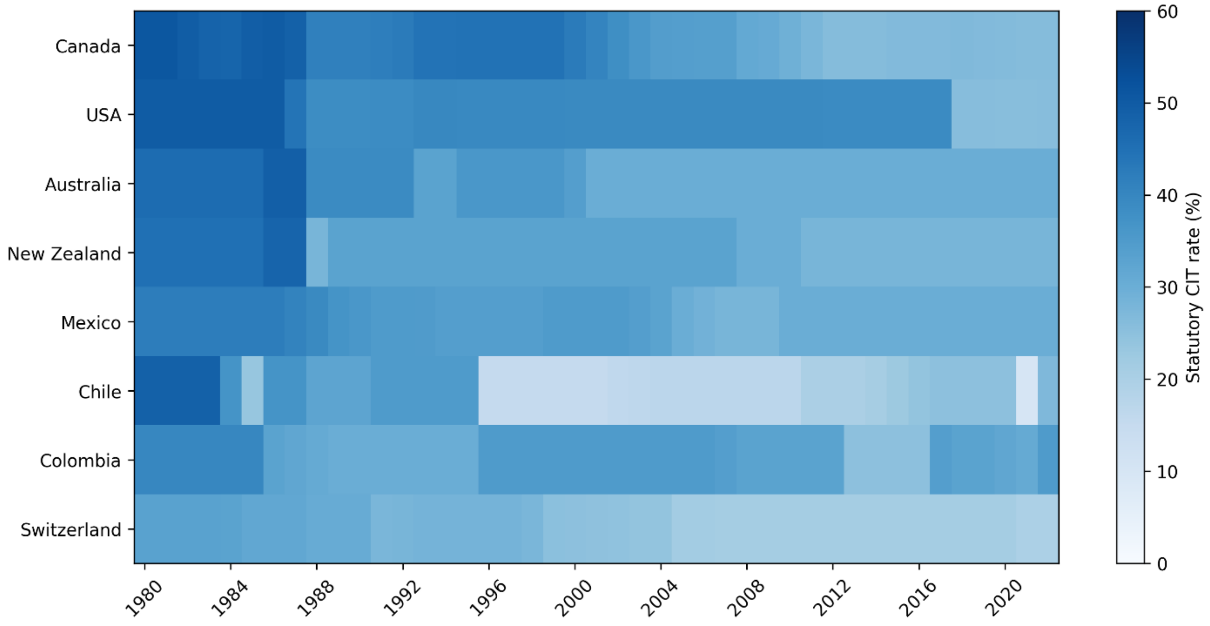


Notes: Headline statutory CIT rates (%). Source: Own elaboration based on Tax Foundation (2025), Worldwide Corporate Tax Rates dataset.

To make these dynamics concrete, this article uses long-run series of statutory corporate income tax rates as a transparent headline indicator. While statutory rates do not exhaust the effective tax burden, they are the prices governments advertise to mobile capital. Read in conjunction with the preceding evidence, the figures trace how a shared structure of constraints translated into downward adjustment and cross-country clustering, the empirical profile one would expect under a structural focal juncture.

In the EU-15, headline CIT rates start the 1980s in the high 40s or low 50s in several cases and then step down in waves. The mid-1980s mark an initial acceleration, followed by further compression in the early 1990s. By the 2000s, most countries cluster in the mid-20s to low-30s, and the cross-sectional spread narrows.

Figure 6. Statutory CIT— non-EU OECD (1980–2022)

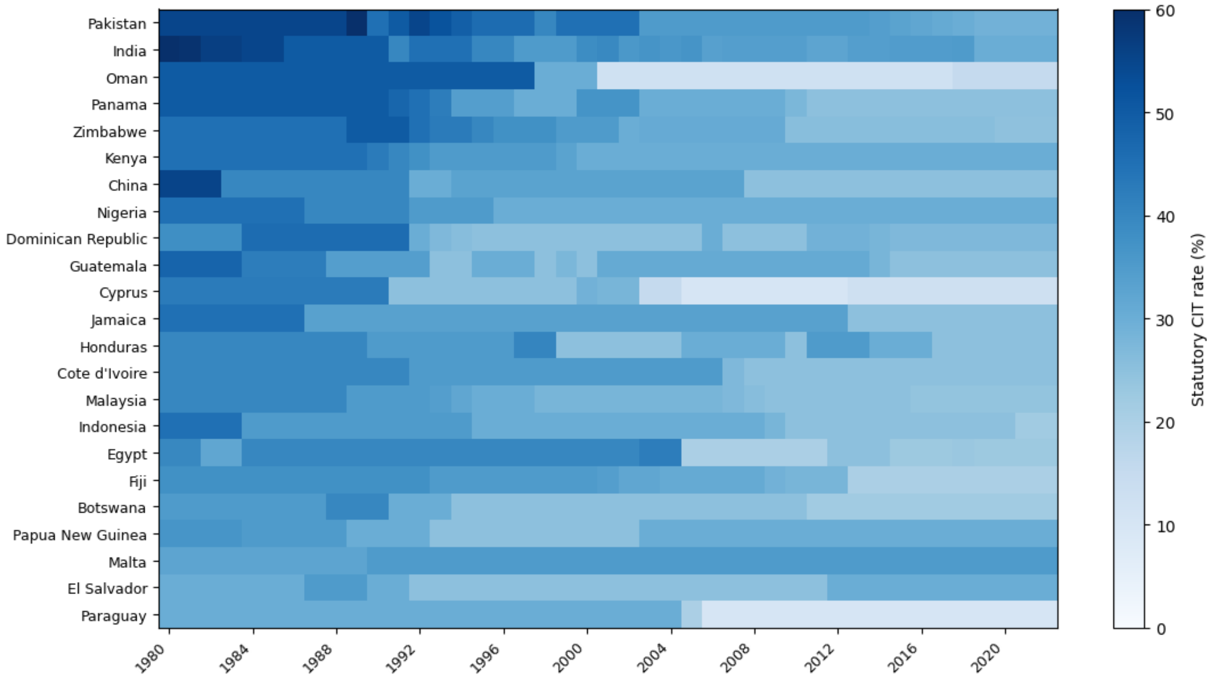


Notes: Headline statutory CIT rates (%). Source: Own elaboration based on Tax Foundation (2025), Worldwide Corporate Tax Rates dataset.

A parallel descent unfolds across the non-EU OECD. The United States implemented TRA-86, combining a substantial statutory rate cut with base broadening, while other countries followed distinct but broadly parallel downward trajectories. Convergence here was not driven by European integration; it is consistent with strategic interaction under capital mobility, as countries adjusted their statutory rates in response to one another (Hines, 2005; Devereux et al., 2008; Overesch & Rincke, 2011).

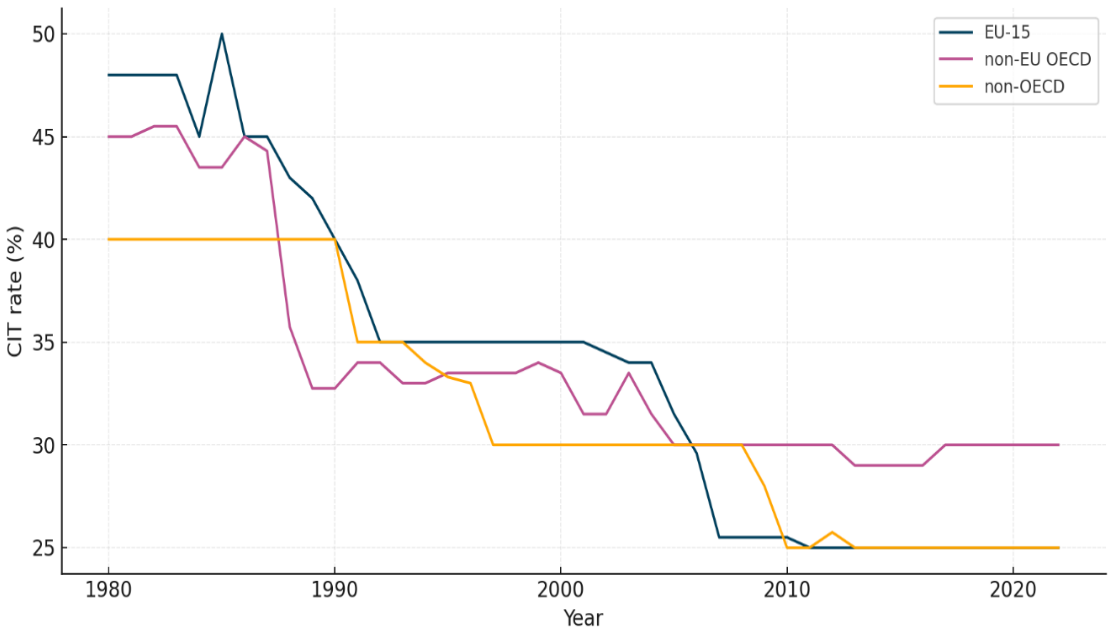
Beyond the OECD, starting levels were more heterogeneous and reform timing more staggered. Yet from the 1990s onward, many countries lowered headline rates and began to cluster. Outliers remained, but the median trend bent downward and latecomer alignment became increasingly visible. To summarize across groups, Figure 8 displays the median CIT for EU-15, non-EU OECD, and non-OECD: medians fall and begin to track each other more closely after the mid-1980s.

Figure 7. Statutory CIT — non-OECD (1980–2022)



Notes: Headline statutory CIT rates (%). Source: Own elaboration based on Tax Foundation (2025), Worldwide Corporate Tax Rates dataset.

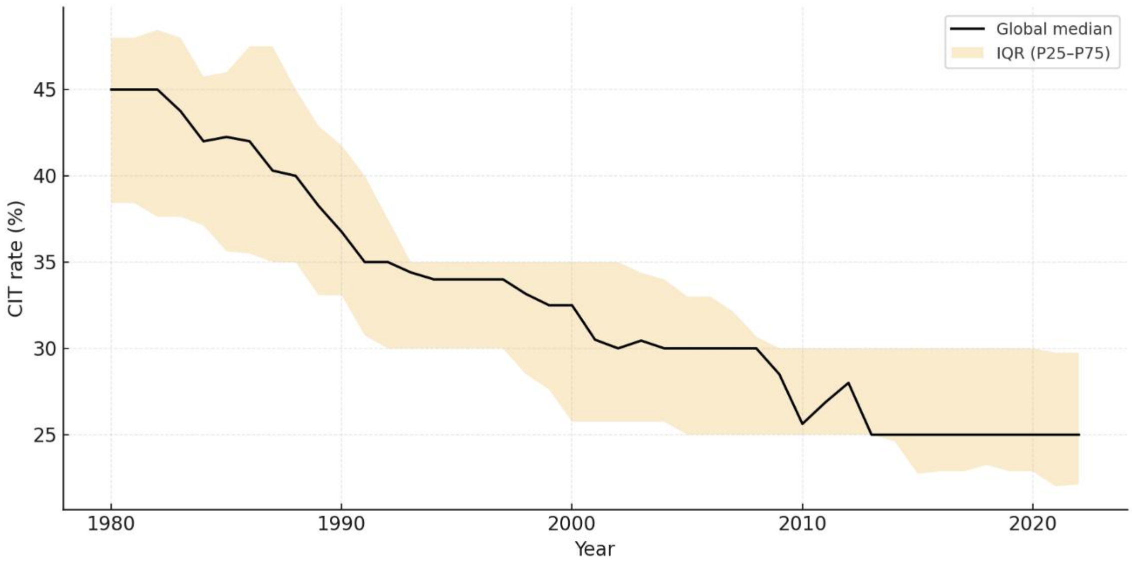
Figure 8. Median statutory CIT — EU-15 vs non-EU OECD vs non-OECD (1980–2022)



Notes: Series report group medians by year; group membership as in Figures 5–7. Source: Own elaboration based on Tax Foundation (2025), Worldwide Corporate Tax Rates dataset.

Plotted together, the group medians fall and begin to track one another more closely after the mid-1980s. The distance between medians shrinks, suggesting that different institutional families of states—EU-15, non-EU OECD, and a broad non-OECD set—gravitate toward a narrower band of headline rates. This is consistent with strategic interaction (best responses to others' cuts) layered on top of structural power (the credible exit option of mobile capital) (Lindblom, 1982; Devereux et al., 2008). Observed interaction effects should therefore be read less as evidence of coordinated policy-making than as the behavioral expression of underlying structural constraints, which reflects the operation of shared constraints across contexts.

Figure 9. Global statutory CIT — median and interquartile range (1980–2022)



Notes: *The median and IQR are computed across all available country-year observations each year; coverage varies over time. Values in percent. Source: Own elaboration based on Tax Foundation (2025), Worldwide Corporate Tax Rates dataset.*

At the system level, the global median displays a persistent decline, while the interquartile range contracts, indicating declining cross-country dispersion even without full harmonization. The combination of a downward median and a tightening interquartile range is consistent with governments facing increasingly similar competitive pressures and a narrowing range of viable tax-policy alternatives.

Taken together, the pattern is best understood as a predominantly structural focal juncture: global market integration and the structurally asymmetric bargaining position of mobile capital narrowed viable tax-policy alternatives, and diverse governments moved rapidly toward similar tax designs—

not by coincidence, but because the costs of divergence had become systematically higher across cases. At the same time, this process combined structural and instrumental elements: while structural interdependence provided the underlying driver of convergence, policy diffusion, institutional guidance, and visible reform episodes contributed to shaping and accelerating the observed alignment

Conclusions

This article set out to address a problem that remains only partially resolved within the literature on institutional change: how to account for episodes of abrupt institutional change that unfold in convergent waves across cases. While existing approaches within the framework of critical junctures have generated important insights into disruption, contingency, and divergence, they have offered less explicit tools for analyzing processes in which institutional alternatives become systematically restricted and trajectories align. At the same time, these dimensions often remain analytically disconnected, and we still lack a clearer explanation of why institutional trajectories diverge or converge, and how these outcomes relate to the problem of power and contingency in processes of institutional change.

The argument developed here proposes a shift from the enumeration of attributes toward a mechanism-based perspective. Rather than treating divergence or convergence as defining features of particular types of episodes, the analysis specifies how these outcomes emerge from the way configurations of power shape structural constraints. Power configurations, understood as structured distributions of control over strategically relevant resources and the relations of dependence they generate, define the capacities through which actors can impose costs, sustain cooperation, or exclude alternatives. Structural constraints, in turn, capture the extent to which these capacities are translated into effective restrictions on institutional alternatives

From this perspective, variation in institutional outcomes is linked to the degree to which configurations of power generate constraints that either expand or restrict the range of viable alternatives. In doing so, it provides a mechanism-based explanation for patterns of cross-case alignment that remain theoretically underdeveloped in existing accounts. When constraints remain weak or cannot be effectively enforced, institutional trajectories are more sensitive to contingency and are therefore more likely to diverge. By contrast, when constraints tighten—either through concentrated leverage or through parallel adjustments to a shared structure of incentives—the range of alternatives narrows, and convergence becomes a plausible outcome. In this way, divergence and convergence are treated not as separate phenomena, but as outcomes generated by the same underlying mechanism

On this basis, the article distinguishes two analytical logics linking shifts in power to abrupt institutional change. The disruption logic, associated with critical junctures, captures situations in which constraints loosen and contingency expands. The focal alignment logic, by contrast, captures episodes in which constraints tighten and align, restricting institutional alternatives and making a limited set of responses more likely across cases. Within this second pathway, the distinction between instrumental and structural variants provides a way to assess whether the restriction of alternatives is primarily driven by coordinated leverage and conditionality, or by decentralized but interdependent responses to shared constraints.

Institutional change processes frequently combine multiple causal elements and overlapping dynamics. The value of the framework lies instead in identifying the dominant process through which configurations of power shape patterns of constraint or indeterminacy that orient institutional trajectories toward convergence or divergence. Empirical analysis becomes crucial at this point, since these mechanisms are identified not through isolated attributes, but through the reconstruction of how different causal dynamics interact and how they shape observable institutional outcomes. In this sense, the analysis does not classify cases through static categories, but through the reconstruction of causal processes linking configurations of power, patterns of constraint, and institutional trajectories.

This mechanism-based perspective not only provides comparative leverage across different episodes of abrupt change, but also helps bring into focus forms of rapid and convergent institutional transformation that have received comparatively less systematic attention in existing accounts. More specifically, the distinction between instrumental and structural pathways of focal alignment contributes to identifying different mechanisms through which convergent outcomes may emerge, even when both elements coexist empirically within the same process.

The empirical illustrations were designed to show how these mechanisms can be observed in practice. In the case of Latin American structural reforms, convergence emerged through coordinated leverage, conditionality, and the compression of domestic policy alternatives under asymmetric power relations. In the case of tax-structure convergence, by contrast, convergence followed from decentralized adjustments to a shared structure of constraints generated by capital mobility and interdependence, with diffusion and international coordination contributing to codifying and accelerating patterns already underway. In both cases, convergence is not treated as a descriptive regularity, but as the expected outcome of processes in which institutional alternatives are progressively restricted.

Taken together, the framework contributes to the study of institutional change by providing a more explicit articulation of the relationship between power, constraints, and outcomes, and by offering criteria for identifying these mechanisms in empirical analysis. In doing so, it brings into focus a form of abrupt change—rapid and convergent across cases—that has received comparatively less systematic attention, while remaining continuous with the central concerns of historical institutionalism. More broadly, it suggests that the study of institutional change can benefit from treating convergence and divergence as analytically linked outcomes, rooted in the same underlying processes through which power configurations shape the structure of institutional possibilities.

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Funding
The research received no grants from public, commercial or non-profit funding agency.

Transparency on the use of generative Artificial Intelligence
Generative AI tools were used to improve the English language and readability of the article.

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