

Book Reviews

Financialisation in Latin America. Challenges of the export-led growth model.

Edited by Noemi Levy and Jorge Bustamante

Routledge: Abingdon, Oxon, 2019. 272 pages, £115

Financialisation in Latin America is a significant contribution of young scholars and researchers to the understanding of financialisation in developing countries. The book emerged from a research project held by Universidad Nacional Autónoma de México and Metropolitan Autonomous University of Mexico, and the SOAS Economics Department in the UK. The book focuses on how the distinctive characteristics of Latin America, such as high levels of inequality, an undiversified economic structure focused on natural resources, current account imbalances, and volatility of economic growth, are affected by financialisation. The financialisation era sets more challenges than solutions to these problems.

The book is divided into three parts. Part one, “Regional trends”, presents six chapters that shed light on how capital inflows derived from the commodity price boom in the last decade did not generate economic improvements. Repatriation of profits hindered the incorporation of technology and improvement of human capital formation, reinforcing the pattern of specialisation and production. Additionally, foreign direct investments (FDI) were not as stable as expected and had a procyclical behaviour, developing few links with national activities. During the boom years, most commodity-producing countries had negative current accounts, rising the dependency on short term financial capital and foreign currency reserves. The implementation of inflation targeting regimes subordinated fiscal policy and full employment targets to monetary concerns. Hence, when the boom came to an end, these countries experienced severe contractions in their exports and GDP. Moreover, as countries were forced to increase interest rates to attract foreign capital, the export-led-growth model is incapable of promoting economic development. Besides, the model is connected to global value chains but, Latin American countries are located in activities with low technological development. A process characterising the region since the 2000s is the increase in outward FDI made by big Latin American corporations. The expansion of these companies was based on high levels of debt in international capital markets, and, according to the authors, this phenomenon is associated with greater levels of monopolisation of the industry and increased inequality. Another trend, highlighted in Part One, is the growth in income and wealth inequality, due to the larger size of the financial sector and financial inclusion policies. Richer households have had higher financial returns than poor ones. Also, derived from tighter links with the financial system, households developed financial fragility on their balance sheets.

Part Two has four chapters that analyse the failure of comparative advantages of some countries. In the case of Colombia, a process of structural regressive change was observed, where incentives to invest were redirected to speculative activities. Additionally, evidence provided by Argentina showed how commodity financialisation could have detrimental impacts on foreign exchange revenues and the accumulation of foreign international reserves. In the case of Mexico, the model based on comparative advantages - cheap labour in the case of the *maquila* - was incapable of offsetting the structural trade deficit. It is dependent on foreign demand and on importing intermediate capital goods.

Finally, Part Three has five chapters and examines the growth of balance sheets in Chile, Brazil and Mexico. In the case of Chile, enabled by a strong neoliberal agenda, debt, insurance and pension funds markets were developed. The financial system focused on finance for individuals, not for firms, benefiting the real estate and financial sector. For Brazil, authors evaluate the existence of a crowding-out effect between real and financial investment. They cannot confirm a clear effect, but there is a higher relevance of financial revenues in firms, especially in periods of instability. In Mexico, the irruption of the Mexican peso as a global currency represented significant challenges to stability. Financial institutions diversified their portfolios and made financial profits through exchange rate operations destabilising the domestic market. Authors discuss how volatility in the exchange rate and interest rate were more related to events in international markets than with the country's conditions.

All in all, one could have wished for more concrete policy ideas to counteract the problems of the export-led growth model in the era of financialisation or the discussion of what are the policy margins of manoeuvre. Besides, the book would have benefited from the inclusion of a more diverse set of countries for case studies. Nevertheless, the book is an excellent insight for those aspiring to understand the central dilemmas of Latin America, a region that remains subordinated in the world economy.

Jimena Castillo
Universidad de la Republica, Uruguay

Economic Woman. Gender Inequality in the Age of Capital.

By Frances Raday

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In *Economic Woman*, Raday explores inequality between women and men in economic realities and assesses the relevance of women's universal human right to equality in advancing gender equality in economic life, contextualising this investigation in the age of global neoliberalism – the *age of capital*. The book counters optimistic narratives that, by highlighting women's increased participation in the labour force and increased protection through international

human rights law (IHRL), suggest gender inequality is on course for being resolved. The emphasis on the *economic woman* aims at making women visible as economic agents, in contrast to their invisibility in the male-dominated economy shaped by rising inequality and austerity.

The quest takes a global perspective, although, due to data limitations acknowledged by the author, many empirical illustrations are drawn from the global North. The picture that emerges is one of persistent gender inequality, with women facing multiple barriers in economic leadership, labour markets, poverty and the family. Raday concludes that IHRL has established a strong universalist normative framework for women's rights to equality, but, due to gaps in enforcement and ability to concretely shape socio-economic realities, it needs to be complemented by policies directed at public and private actors as well as a transformation of the *infrastructure* of the economy. Some caveats notwithstanding, Raday suggests that women's representation in economic leadership is a key channel to achieve these changes.

A strength of the book is that it provides a wide-ranging overview of important aspects of women's working and living conditions in the contemporary economy. The accessible language and the short sections make it a useful source for updated information on manifestations of gender inequality. Due consideration is given to contributions from feminist economists and political economists and the combined perspective on economic and legal issues enabling and hindering progress in gender equality is useful, although this aspect is not fully fleshed out in the book. The reader is left to wonder how, if human rights conventions are exposed to significant enforcement gaps – e.g. in the area of informal work – as highlighted throughout the book, IHRL can become an effective framework for the promotion of gender-sensitive economic policies.

Other aspects of the book require critical consideration in a constructive spirit. The book's foundational concept of 'economic woman' might be appealing but remains unconvincing as it emerges from a dualistic conceptualisation of gender, which collapses all women in one analytical category. Raday does consider intersectional issues and many examples in the book do reflect heterogeneity in the economic realities facing women, however this complexity is put aside on the assumption that patriarchy is the core and all other intersectional differences are subsumed to that between women and men. This approach is insufficient to capture the articulations of discrimination and leads to the failure to address the relations between phenomena discussed in the book, such as better-off women's employment trajectories and migrant women's care work. Further, the author does not discuss whether the 'economic woman' is intrinsically different to the 'economic man', a distinction that is contested in the literature for its biological essentialism (Nelson, 1995).

Further, the book fails to embed the analysis of gender equality in the dynamics of neoliberal capitalism, despite nominally doing so. Although Raday states that gender inequality is a 'crucial factor' (p. 7) of economic inequality, the analysis of this relation falls short of taking on board key feminist

interventions on the centrality of women's reproductive work to processes of capital accumulation (see Mies, 1986; Federici, 2004) or on gender wage inequality as a strategy to boost competitiveness in the export-oriented economies (see Seguino, 1997). This shortcoming is linked to the use of a narrow definition of reproduction that considers only biological reproduction and care provisioning and not the social reproduction of a socially-differentiated labour force. Thus, although the book promises to investigate gender inequality in the age of capital, the workings of capital in shaping gender inequality are not analysed.

Dr Sara Stevano
University of the West of England

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