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Models of Economic Liberalization is an essential addition to the economic development literature. In it, Sebastián Etchemendy provides an original theoretical framework to understand cross-national variation in the political compensation of economic actors during economic liberalization processes. It focuses on a set of Latin American and Iberian countries (namely, Argentina, Brazil, Chile, Mexico, Peru, Portugal, and Spain) and seeks to explain the alternative ways in which they reoriented their models of development to the market from the 1970s through the 2000s.

The book builds on the extensive international political-economy literature that has explored the macroeconomic and external conditions under which countries pursue trade integration and liberalizing reforms. That literature, however, focuses largely on whether general economic liberalization takes place, collective action problems, and the role of domestic politics. Yet, we still lack a systematic theory that explains variation among (and within) countries, as well as how and why business actors and labor actors receive compensation in some cases but not in others, specifically, what kind of compensation. Etchemendy seeks to fill that gap. While he recognizes that many variables shape the alternative models of adjustment in specific countries, he argues that two variables in particular, regime type and the power of Import Substitution Industrialization (ISI) actors, are the most appropriate ones to systematically explain variation in the models of economic liberalization across countries.

Etchemendy focuses on the modes of market transition and their legacies, and develops four alternative paths of industrial adjustment, which determine who receives what, and how in the domain of compensation: Statist, or state dirigisme (Spain 1982–96 and Brazil 1990–2002); Corporatist, or concertation, among the relevant interest groups (Argentina 1989–99, and Portugal 1985–95); Market, or unilateral state imposition (Chile 1973–98 and Peru 1990–2000); and the Mixed, or hybrid, case of Mexico (1982–94).

He argues that the most important factors accounting for alternative adjustment paths in these countries (the how) are type of regime (democratic or authoritarian) and the economic and organizational power of business and labor following the ISI period. And he uses two types of compensatory measures available to reformers (the what): subsidies such as soft credits, tax exemptions, or direct monetary infusions; and what he refers to as market-share compensation, namely the direct award of ownership to firms and workers or the partial deregulation of markets. The target of these compensatory policies can be the ISI insiders (the formerly protected firms, their workers, or the unions) or the ISI outsiders (the unemployed, the poor, or the workers in the informal economy). He shows that the type of regime and the alternative patterns of labor and business actors explain the mix of policies, by which labor and business groups have been compensated, to produce those three different paths—Statist, Corporatist, and Market—embodied in the cases of Spain, Argentina, and Chile.

This ambitious and innovative book makes several important contributions to the currently available literature. First, it applies existing frameworks to processes of economic liberalization in protected ISI economies. Second, it develops a novel explanatory model based on the politics of compensation, providing a masterful treatment of these compensations and how they created different trajectories of reform during the liberalization processes. Third, it builds on the extensive political economy literature that has analyzed the multidimensional logic of market liberalization in developing countries by building a general theory that seeks to explain which established interests, and under which circumstances, participate in the reform coalition. With that approach, it avoids dwelling on the extensively researched role of state elites, instead relying on the study of state-society interactions, as well as the institutions and types of actors that conditioned the coalitional strategies during the liberalization processes. In addition, it explains which economic actors are going to play a more determinant role in those processes, as well as what form of compensation they are going to choose and, in turn, receive. Finally, the focus of analysis is not just on the strength of the actors but also on their historical configuration. Indeed, it builds this theory focusing on the crucial role of pre-reform organizational legacies, showing how the actors’ policy preferences regarding compensation are rooted in the alternative inward-oriented models of industrialization, as well as labor organizational development during the late ISI period.
The bulk of the book is devoted to Argentina and Spain; of the seven chapters devoted to countries, five examine in depth the Argentine and Spanish cases, one the Chilean case, and one the Brazilian, Portuguese, Peruvian, and Mexican ones. While Etchemendy provides a detailed study of the horizontal and vertical structures of unions and business in the case of Argentina, Chile, and Spain, the book would have benefited from a similar detailed analysis for the other four cases. The comparative chapter addressing Brazil, Mexico, Portugal, and Peru is ambitious but lacks the depth of analysis of the other three countries. The conclusions of that chapter are sweeping and seem to validate the general argument developed in the book, yet they are based on broad generalizations that ideally would have received further study.

Furthermore, while the book recognizes that structural economic reform is a political construction and goes to great lengths to explain the historically constructed goals of the economic actors, it falls short on its analysis of the role and goals of the states themselves. The focus is instead on political regimes and on the political organization of economic interests. Yet, what is missing from the analysis is the role of the state as an agent, and how it shaped these liberalization processes. Moreover, the state is presented throughout the book as a crucial actor in the compensation processes. Indeed, the causes and consequences of state actions need to be addressed. What were the state strategies in these countries? How did they influence political cleavages and collective action? What were the consequences of state-structures, state capacities, and state-society relationships? How did states use social knowledge to address the policy issues discussed in the book? The democratic transitions resulted in the reorganization of these states: What were the effects and lasting legacies for state capacities and political cleavages? Finally, politicians made decisions that were shaped by government structures, and they often took the initiative in those compensation processes (“who got what”): What were their motivations? How did they withstand political pressure from well-connected capitalists in some of these countries?

The role of the financial sector in the compensation processes, as well as the impact of the financial liberalization process, is also understated in the book. These variables played a crucial role in many of these cases. For instance, it is difficult to understand the liberalization process in Spain, and the compensation outcomes, without referencing the crucial role of the structure of the financial market and the financial reform process, which took place largely at the expense of Spanish producers (see Sofía Pérez, Banking on Privilege, 1997).

The analysis of the compensation processes would have benefited from broader contextualization. In the words of Peter Gourevitch (Politics in Hard Times, 1986), “policies need politics,” yet the politics are not sufficiently addressed in this volume. Indeed, how and why market-oriented governments sought to buy off business and labor actors was deeply conditioned, not just by the regime type and the power of prior ISI actors, as posed by the book, but also by other important variables that have been considered by the literature (for instance, José María Maravall in Regimes Politics, and Markets, 1997): the severity of the economic crisis; the breadth of the government mandate (i.e., majority vs. minority government); leadership; the extent of the consensus; international factors (in particular, the impact of European Union membership for Spain and Portugal, which is underplayed in the book, but also how international power structures influence the direction of policy change and compensation); or the timing of the reforms and the temporal sequencing of policies, which do not take place in a single moment of time but rather develop in shifting contexts. All may have a profound impact on the choice between dirigisme and consensus/concertation.

Finally, the operationalization of the variables merits further discussion. While the chapters/sections on the political economy of business adjustment are particularly strong in measuring the power of ISI business actors at the outset of neoliberal reform, the same is not true when it comes to measuring labor strength. For instance, Etchemendy systematically underestimates Spanish unions’ strength and coordination capacity, while overstating the impact of vertical and horizontal divisions (and conversely, it does the opposite when evaluating Portuguese unions). An extensive literature on social concertation in Spain and Portugal challenges Etchemendy’s assessment of Iberian labor strength and concertation processes (see, e.g., Sebastián Royo, A New Century of Corporatism? 2002). Analysis in this book would have benefited from more research and better measurement of the power of unions, particularly in Portugal and Spain.

These suggestions notwithstanding, Etchemendy’s research has important implications for the literature of economic reform in both developing and industrialized countries, and
powerful ramifications for the modes of transition from ISI to open economies. It is a must-read for scholars who aim to build on the existing literature in this field.

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*The Strange Non-Death of Neoliberalism* brings together a series of Crouch’s recent essays in an attempt to answer an important question. That is, if the instruction sheet of the hyper-financialized global economy was neoliberalism, and that global economy just blew up in a global financial meltdown whose costs may be as high as $12 trillion, why are these ideas still around? Crouch’s answer is found at the very end of the book where he rhetorically asks “what remains of neoliberalism after the financial crisis, the answer must be ‘virtually everything.’ The combination of economic and political forces behind this agenda is too powerful for it to be fundamentally dislodged from its predominance” (p. 179). But if so, if it is simply “power” in some shape or other that holds-fast despite the storm all around it, then why is the non-death of neoliberalism strange? It is strange, Crouch argues, because its resilience lies in a series of institutions and ideas, as well as material interests, that keep it entrenched as the instruction sheet for (at least) Anglo-American–type capitalist societies.

The book makes two distinctive contributions. First, it brings the politics back into the study of firms by overturning, and thereby enriching, our understanding of what neoliberalism actually is through Crouch’s concepts of the Chicago Economy and the Chicago Firm. Second, it expands on and refines his idea of privatized Keynesianism as the redistributary bedrock of the neoliberal order.

After an opening chapter that places neoliberalism in its historical context, and a second chapter that introduces the notions of market efficiency and market failure, the action really begins in the third chapter, tellingly entitled, The Corporate Takeover of the Market. In contrast to many firm-centered analyses of political economy, such as the Varieties of Capitalism literature that treat politics as something exogenous to the coordinative activities of firms in the economy, Crouch brings the politics back in full bore.

Here Crouch focuses on sets of ideas developed by right-wing legal scholars, free-market business school professors, and academic economists who were used by corporate activists to overturn the pro-competitive bent of U.S. antitrust law. These “other Chicago school” arguments of Richard Posner and Robert Bork and others convinced politicians and regulators to focus on the generation of consumer surplus, rather than competitiveness in a sector, as the criterion of success. In such an environment, the deregulations and privatizations of the 1980s and 1990s, what is commonly identified as “neoliberalism,” did not lead to smaller firms and more competition as was promised. Rather, they ended up producing an economy of huge firms, restricted competition, insider privatization, and corporate rent seeking through Private Finance Initiatives and the like, all the while privatizing the profits and socializing the costs. As such, the insider dealing and banker-power-cartels exposed in the crisis were the rule not the exception. Neoliberalism presents itself as a force for markets and competition, but in fact it creates a massive rent-seeking bonus for mega-firms, many of whom are wholly dependent on the taxpayer for their contracts.

Crouch’s second contribution, his concept of Privatized Keynesianism, is both the cause and the consequence of the rise of the Chicago economy and the reason for the non-death of neoliberalism. In short, we are all guilty. We are all guilty of buying into a system of debt-fueled consumption, which, while asset prices were rising, masked negative real income growth and enabled the corporate takeover of democracy.

Crouch’s argument in short form is that the perceived failure of Keynesianism over inflation combined with the absolute decline of manual workers and trade unions to weaken the