

policies. However, their glory and fame as political spin doctors during the 'neoliberal moment' in Latin America have now faded somewhat. Rather than playing the leading role, neoliberal economists have been relegated to the supporting cast within the domestic politics of many countries in the region.

In their introductory chapter, the editors, together with María José Alvarez-Rivadulla, provide a closer look at the internal changes that have shaped the economics profession in Latin America during the last 30 years. Their main argument revolves around the issue that Latin American economics has become more professionalised and internationalised both in research and in teaching, which effectively means that it has become 'North Americanised'. Four indicators to support this claim are mentioned: the increasing number of Latin American economists who receive their academic degree in the United States, often with financial support from US foundations or government agencies and based on inter-university agreements; the increasing number of publications by Latin American economists in journals published in the United States; the dominance of theories developed in the United States within national discourses in economics; and the introduction of US-style curricula and graduate programmes at Latin American universities.

The country chapters highlight important nuances to this general assessment, however. Despite the dominance of market-oriented ideas and theories in the corridors of political power, many countries have preserved a space for developmentalist and heterodox economists, although mostly reduced to the academic and journalistic spheres. While effectively controlling relevant government positions, neoliberal economists have not been able to synchronise the public discourse in Latin America with their beliefs. In addition, Latin American economists are expected to tackle policy-relevant questions more often than their peers in the United States, making economic pragmatism much more common among them than theoretical or ideological purity.

In sum, the volume is useful as a detailed description of the evolution of professional communities of economists in several Latin American countries. It shows how these communities mirrored trends and tendencies that have shaped the discipline in the United States since the end of the Second World War. Yet Latin American economics has not become and is unlikely to become completely 'North Americanised'. In their epilogue, Montecinos and Markoff provide some evidence for the 'Latinamericanisation of Latin American economics' in the aftermath of the neoliberal moment. They point to specific problems, structures and concomitant initiatives that set the Latin American profession of economists apart from its counterpart in the North. Distinct domestic institutions, both formal and informal, have prevented the wholesale adoption of professional and theoretical norms dominant within US economics.

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Roy C. Nelson, *Harnessing Globalization: The Promotion of Nontraditional Foreign Direct Investment in Latin America* (University Park, PA: Penn State University Press, 2009), pp. xviii + 262, \$65.00, hb.

This book looks at the political conditions that promote non-traditional foreign direct investment (FDI) in Latin America, meaning investment by multinational

corporations in high-technology manufacturing and services. The main objective is to offer an insight into effective government policies for attracting non-traditional FDI and, to a lesser extent, to understand the impact of FDI on development. To this end the author conducts a thorough comparative study, supported by interviews, among the investment promotion agencies (IPAs) of Costa Rica, the state of Rio Grande do Sul in Brazil, Chile, Ireland and Singapore. The study's theoretical framework is based on the political theory of survival and cooperation, and its main argument is that the effectiveness of government's promotion effort depends on the level of transnational learning capacity. In turn, IPAs can gain transnational learning capacity only if they first achieve technocratic independence. The latter, according to Nelson, is contingent upon the level of political security that the president or governor in a country or state has managed to attain. In other words, political security allows the president or governor to delegate authority over economic policy to technocratic agencies. IPAs can thus function in an independent way, isolated from political, social and economic pressures.

The book's focus on non-traditional industries is in line with the literature on innovation, technological learning and capabilities, which also stresses that developing countries should follow a 'high road' of competition, innovation and technological change. This literature also points out that the alternative option of squeezing costs and profits only leads to short-term advantages. These benefits will vanish as soon as other regions or countries reduce prices and reap the competitive advantages. Hence, Nelson's book is a timely contribution which makes the argument that Latin American countries can reap higher value added from non-traditional FDI compared with FDI in traditional manufacturing.

The study's focus on IPAs is weakly explained, however. The author argues that 'an effective investment promotion strategy ... is an important factor that can contribute to a successful outcome, a high level of non-traditional FDI attracted' (p. 9), but he does not cite existing theoretical or empirical studies that prove this statement. The relationship between IPAs and FDI is based solely on two 'successful' case studies, Ireland and Singapore. Although the author acknowledges that many other factors determine the level of FDI, suggesting that effective IPAs may not be sufficient to ensure that a country or state will attract non-traditional FDI, he does not spell out how important IPAs are compared with other factors in attracting FDI. The author mentions, for example, the importance of a country's infrastructure and levels of training. Yet many other, more important factors affect the inflow of FDI in developing countries in the view of well-established scholars such as John Dunning and Rajneesh Narula in the international business literature, such as the policy framework that countries adopt with respect to FDI. FDI policies include rules and regulations regarding the entry and operations of foreign affiliates, standards of treatment of foreign firms, and the functioning of markets within which they operate. Furthermore, countries use trade, privatisation and liberalisation policies to attract FDI. Additionally, numerous socio-economic policies are used, such as fiscal policies, which determine general tax levels, including corporate and personal tax rates. A country with lower corporate tax should have higher probabilities of attracting FDI. Finally, bilateral investment treaties and regional integration frameworks such as NAFTA and Mercosur exert an important influence on FDI determinants. In sum, countries have multiple policy options when trying to attract FDI. Certainly, they cannot apply all of these policies; rather, they must use the most cost-effective ones. In this sense Nelson fails to explain where the

investment promotion strategy stands when compared to the other instruments mentioned here. This is an important question that concerns not only academics but also policymakers in Latin America.

The main shortcoming of *Harnessing Globalization* is that it centres solely on the political conditions that need to exist in order for developing countries to attract FDI. The author implies that FDI is a sort of magic formula that brings economic prosperity to the host countries, largely ignoring the negative effects that FDI may also have. Additionally, the book overlooks the preconditions for absorbing the benefits from the presence of non-traditional FDI, such as the developmental model of state investments in education, which increases human capital and facilitates the attraction of FDI, and the subsequent absorption of FDI knowledge spillovers. On top of this, Nelson pays no attention to the potentially high costs of attracting FDI. For FDI to have an overall positive impact upon a host country, its benefits necessarily have to outweigh the costs. These costs are, of course, not to be ignored. They include financial incentives such as tax breaks and subsidies, as well as negative effects that result from the presence of multinational corporations (MNCs). In particular, MNCs may crowd out local firms by offering either better-quality or cheaper products. While the latter may increase consumer welfare, it is also very likely that MNCs will outweigh local competition based on non-competitive practices such as transfer pricing. Finally, numerous studies on the spillover effects of FDI find conflicting evidence regarding the impact upon host economies. Subsequently, recent evidence on government policies towards FDI strongly suggests that states should weigh the benefits and costs of FDI before rushing to encourage the presence of MNCs. It is naive to assume that the presence of MNCs will automatically benefit these countries, as seems to be the main conclusion of Nelson's book.

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William I. Robinson, *Latin America and Global Capitalism* (Baltimore, MD: Johns Hopkins University Press, 2008), pp. xix + 412, £29.00, hb.

This is a text that can be described as being analytically challenging, empirically well-grounded and politically engaged. It develops a theoretical interpretation of the dynamic of global capitalism as manifested in Latin America, and conceptual and political issues are approached in a manner that avoids overgeneralisation on the one hand and dismal empiricism on the other. The study is organised into six chapters and the full text is approximately 400 pages, which leads me to suggest that the argument might have been more effectively deployed if its length had been trimmed somewhat; in any event, it can hardly be described as a 'slim volume' (p. xii).

The first chapter boldly sets out the author's overall theoretical and political position, whereby it is made abundantly clear that the book's analysis of Latin America and global capitalism is to be situated in a Marxist frame. In fact, the preface indicates that the author intends to develop a critical Marxist approach to globalisation and usefully underscores that globalisation is not a neutral process, since it involves both losers and winners and new relations of power and domination (p. xiii). Moreover, it is argued that capitalist relations are deepening, in the sense