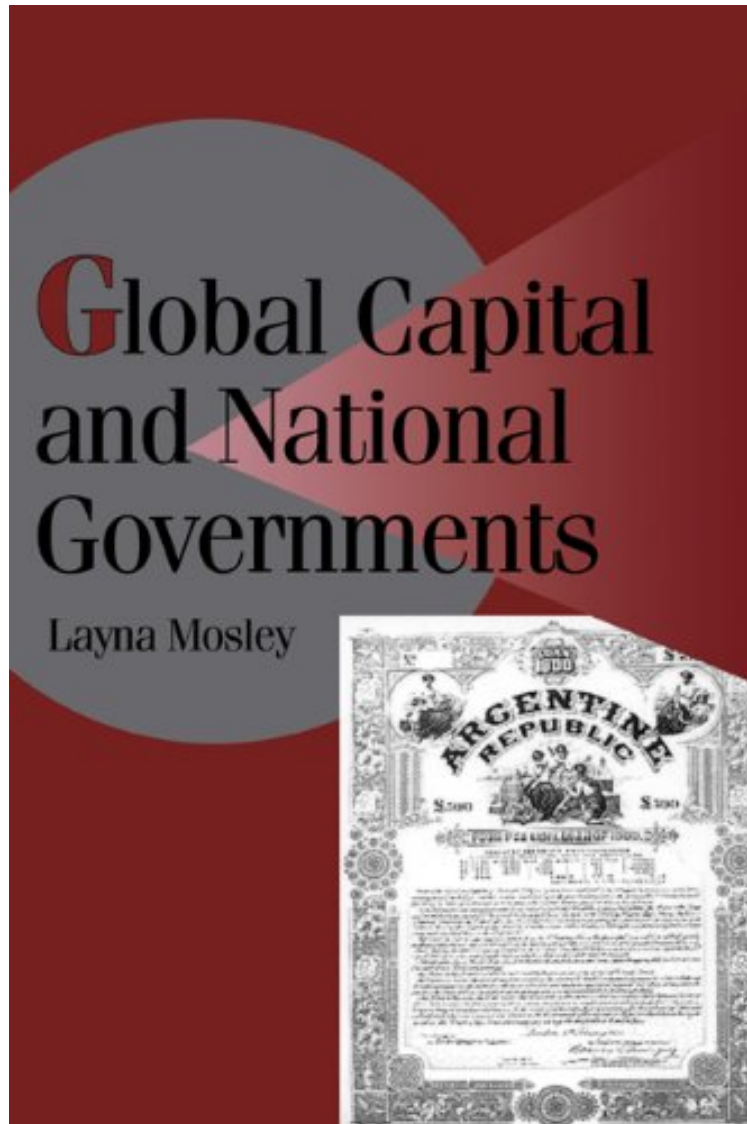


[Free] Global Capital and National Governments (Cambridge Studies in Comparative Politics)

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Layna Mosley

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Layna Mosley : Global Capital and National Governments (Cambridge Studies in Comparative Politics) before purchasing it in order to gage whether or not it would be worth my time, and all praised Global Capital and National Governments (Cambridge Studies in Comparative Politics):

1 of 1 people found the following review helpful. How and when global capital governs.By Nathaniel LaneGlobal Capital and National Governments is concerned with how and when international financial markets determine state policy. Conventional wisdom assumes globalization has placed steadfast constraints on state's ability to pursuit

domestic agendas, even leading countries toward convergent fiscal politics. Mosley contends, however, that the story is more complex. Domestic political economy context matters, and states are able to respond to global markets in distinctive ways. She illustrates her theory with clarity and a host of quantitative stories, interviews with international portfolio managers, as well as with historical studies. Detailed and pragmatic, this book tells a well-crafted story of interest to international political economy scholars. While financial markets certainly shape policies, the scope and power come with certain conditions. Even in the age of powerful global capital, the international flows can shape national policies in very divergent ways. Most important are the way financial markets react to advanced OECD nations versus emerging economies. Mosley situates the informational dilemma facing international financial investors as a type of signaling game, which is not analytically presented and not entirely fleshed out. More convincing is her empirical workhorse: regressing long term government bond interest rates on various economic indicators and policy. She matches investor interviews with these straightforward empirics to show the divergent ways international capital responds to domestic policy, conditional on development and political institutions. Not surprisingly, developed industrial nations have more autonomy in the face of international capital. With more tools at their disposal and more forgiving capital markets, Mosley contends OECD nations can more easily balance domestic demands against market responses (costs). The case of Sweden, whose social democratic tradition is very much in tact, is a testament to the ability of developed nations to pursue more diverse policy. With large exposure to international financial markets, the Scandinavian state eliminated its last capital controls in the 1990s and was relatively fragile. Nonetheless, by expanding its revenue base with consumption taxes and slimming the deficit, the state was able to appease international capital while balancing domestic demands--without retrenching its Welfarist tradition. Emerging market economies are subject to much different constraints, unsurprisingly. Given the risk associated with loan default, international investors consume broad information regarding the political economy of these nations. Developing economies are thus much more sensitive to international markets and constrained by their ability to respond to domestic demands. Markets become sensitive to political orders and may determine who shoulder's the cost of Neoliberal policy. International capital responded wildly to political shocks in Mexico in 1994; and unlike Sweden in the mid-nineties, Brazil's lower classes absorbed the costs of fiscal austerity measures. Given the constraints faced by the developing world, Mosley clearly shows why these governments offer the types of bonds and financial policies they do. 0 of 16 people found the following review helpful. text book? By Eric Lewis The only way you will have to read this is in college or grad school and for you who are joining those ranks, I do not envy you.

Global Capital and National Governments, first published in 2003, suggests that international financial integration does not mean the end of social democratic welfare policies. Capital market openness allows participants to react swiftly and severely to government policy; but in the developed world, capital market participants consider only a few government policies when making decisions. Governments that conform to capital market pressures in macroeconomic areas remain relatively unconstrained in supply-side and micro-economic policy areas. Therefore, despite financial globalization, cross-national policy divergence among advanced democracies remains likely. Still, in the developing world, the influence of financial markets on government policy autonomy is more pronounced. The risk of default renders market participants willing to consider a range of government policies in investment decisions. This inference, however, must be tempered with awareness that governments retain choice. As evidence for its conclusions, Global Capital and National Governments draws on interviews with fund managers, quantitative analyses, and archival investment banking materials.

'The book is a very interesting empirical case-study ... well structured ... offers a rare and highly relevant insight into the thinking and judgments of institutional investors ... Mosley offers considerable empirical depth and goes beyond the generalizations often employed in other studies within the wider discourse of how globalization has affected national policy autonomy. She offers an important contribution to the growing literature on how domestic economies interact with the wider global economy and how these two arenas influence each other at different points in time.'

International Affairs About the Author Layna Mosley is Assistant Professor in the Department of Political Science at the University of North Carolina. From 1999 to 2004, she was a member of faculty at the University of Notre Dame.