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A Tribute to Professor Brigitte Lévy: [Hommage] p. 200

Conflict and Co-operation: Dynamics in Development Past President's Address, CASID Congress, 2003

Golam M. Mathbor, Monmouth University

“The theme of CASID's conference this year is ‘Conflict and Co-operation: Dynamics in Development.’ The theme is both timely and very important given the situation that now prevails across the globe. Bringing my professional training in social work into the academy is not without challenges. My personal perspective of the theme is to reflect on the challenges posed by that theme.

“To borrow from one scholar ‘a group without conflict is a dead one; a group with constant conflict is a sick one.’ This means that some amount of conflict is both natural and essential for the growth of a group, a community, a nation, a region, and for the globe as a whole. Nonetheless, a chronic conflict can destroy the essential positive dynamics of the development of group, community, or nation. Many of the major steps in community development and social reform have their roots in embedded conflicts and in the attempts to resolve those conflicts ... ”

Financial Liberalization (Special Thematic Section)

The Rising Hegemony of Global Finance and the Demise of Development — Introduction

Erinç Yeldan, Bilkent University

“[The] benign view of the mobility of international capital has been challenged by the crisis episodes of the last two decades. Both numerous empirical case studies and the policy lessons of the Mexican, East Asian, and more recently the Turkish and the Argentine experiences, revealed that the expected beneficial effects of capital inflows have been overshadowed by the adverse impacts of excessive stock market volatility and the persistence of exchange rate risk. Furthermore, in a world of volatile exchange rates,

the traditional dictum regarding the global equalization of interest rates failed to take place ...

“It became clear that countries that were dependent upon capital inflows ought to adopt or maintain contractionary monetary policies in order to secure investor confidence and international creditworthiness. Thus, the governments of the emerging markets that seek to attract and maintain inflows of foreign capital are severely constrained in the ex ante sense to adopt a set of restrictive monetary and fiscal policies. Such efforts are restricted to a balanced budget, entrenched fiscal expenditures, and a relatively contractionary policy with an ex ante commitment to high real interest rates. All of this signifies reduced political autonomy in the developing world in exchange for market access to the industrialized North, which is a bad bargain as far as development is concerned.

“The next four papers will discuss different aspects of these issues ... ”

Finance and the Real Economy: The Global Conjuncture

C.P. Chandrasekhar, Jawaharlal Nehru University

Recent analyses have related the increasing importance of finance capital in the global economy to the sluggishness and unevenness of growth in the world system. This paper is concerned with investigating the changing structure and role of finance and its links with the real economy following financial liberalization. It discusses the transmission mechanisms through which the “effects” of finance on the real economy are revealed, and examines in detail the nature of these effects in the case of Japan, which epitomized the tendency among late industrializers to shape a specific financial structure suited to meeting the challenge set by the pre-existing inequality in the international system.

Rentier Incomes and Financial Crises: An Empirical Examination of Trends and Cycles in Some OECD Countries

Gerald Epstein, University of Massachusetts

Dorothy Power, graduate student and research assistant, University of Massachusetts

We present new estimates of the rentier share of national income for OECD countries for the years between 1960 and 2000. For most countries, the rentier share of income increased significantly during the last several decades, starting in the early 1980s and coinciding with the shift to neo-liberal monetary and financial policies initiated by Margaret Thatcher and Paul Volcker. There is no evidence of a negative correlation between rentier shares and non-financial corporate shares of income. However, rentier shares do decline in those semi-industrialized countries that experienced financial crises. These findings are consistent with the view that financial liberalization has been associated with the increased power of an international rentier class, whose interests are aligned with those of non-financial corporations in the richer countries, but whose interests conflict with rentiers in developing countries that experience financial crises.

Patterns of Financial Capital Flows and Accumulation in the Post-1990 Turkish Economy

F. Gül Biçer, graduate student and research assistant, Bilkent University

Erinç Yeldan, Bilkent University

The purpose of this paper is twofold: using time series econometrics, we first investigate the determinants of short-term foreign capital inflows for Turkey following its capital account liberalization in 1989. We next investigate the changing nature of the private investment function under post-capital account liberalization and deduce hypotheses on its correlation with capital

inflows and the key macroeconomic prices, such as the exchange rate, the real rate of interest, and real wages.

Our results suggest that financial capital inflows have a significant negative correlation with the industrial production index and trade openness, and are positively correlated with real currency appreciation. Fixed private investment was found to have an inconclusive relationship with financial capital inflows. Real wage costs were observed to carry a significant negative relationship with private investment, indicating that at a time of currency appreciation, investors had to rely on declining wage costs in order to keep their export competitiveness. Under the volatile and uncertain conditions of speculation-driven investment patterns, the downward flexibility of real wages has to be seen as a concomitant factor of the post-financial liberalization episodes.

Emerging Market Crises and the IMF: Rethinking the Role of the IMF in Light of Turkey's 2000–2001 Financial Crisis

C. Emre Alper, Boğaziçi University
Ziya Önis, Koç University

Recurring financial crises in the semi-periphery of the international economic system have raised serious questions concerning the role of the IMF in the era of financial globalization, particularly in the aftermath of the Asian Crisis of 1997. This paper attempts to provide a critical and, at the same time, balanced perspective on the Fund's involvement in crisis-ridden emerging markets, with special reference to the recent Turkish experience. The analysis points towards both the limitations underlying the Fund's approach and some of the dilemmas faced by the organization in trying to reform the economies of debtor countries, given the nature of the domestic political environment in those countries. It is also argued that the kinds of reforms promoted by the Fund are incomplete, insofar as they focus only on the regulatory role of the state, neglecting issues relating to income distribution and longer-term development. Two key conclusions follow: firstly, crisis-ridden countries need to develop a domestic political base to "internalize" the kind of reforms sponsored by the IMF, which are necessary to enable these countries to benefit from the process of globalization. Secondly, the countries concerned need to extend their horizons and develop their domestic capacities in areas such as income distribution and longer-term competitiveness, areas not traditionally emphasized by the Fund.

Articles

Aide d'urgence et notions locales d'équité : analyse d'un programme d'aide nutritionnelle comme interface sociale

Tom De Herdt, University of Antwerp

In order to better understand the dynamics involved in emergency food aid programs, this paper analyzes the case of Kinshasa (1992–95). The interaction between local health personnel engaged in the programme and the — potential, legitimate, and unintended — beneficiaries of the aid is central to this paper. The classical concepts of moral hazard and adverse selection, often cited in the current literature on target poverty programs, only partly capture the reality of the situation on the ground. An intervention such as a food aid program should be judged on its capacity to open up spaces of action and negotiation to actors who traditionally occupy only marginal places in them.

Community Development Through Community Non-Wage Benefits in Guyana's Mineral Sector

Dennis C. Canterbury, Eastern Connecticut State University

Neo-liberalism advocates theoretical and methodological approaches to community-based

participatory research and development that are value-laden and liberal democratic. However, community-based development in the Guyanese gold and bauxite mining communities through community non-wage benefits is anything but liberal democratic. The social relations in these communities are microcosms of the class, race, and gender inequalities endemic in capitalist societies. These inequalities reflect the political and economic domination of workers by those who own and/or control the productive forces. Social unrest among the workers, however, pressures mining firms to improve the community non-wage benefits they supply. An alternative people-centred and bottom-up approach to community-based participatory development is needed to empower the inhabitants in the gold and bauxite mining communities.

Reviews

· Caribbean Economies in the Twenty-First Century, Irma T. Alonso (ed.)

by Barry Myers, St. Paul University

· Knowing Poverty: Critical Reflections on Participatory Research and Policy, Karen Brock and Rosemary McGee (eds.)

by Caroline Manion, Saint Mary's University

· Financial Structure and Economic Growth: A Cross-Country Comparison of Banks, Markets, and Development, Asli Demirgüç-Kunt and Ross Levine (eds.)

by Sushanta K. Mallick, Royal Institute of International Affairs

· Development Sociology: Actor Perspectives, Norman Long

by Susan Vincent, St. Francis Xavier University

· Inclusive Economics: Gandhian Method and Contemporary Policy, Narendar Pani

by Lawrence S. Cumming