CAMPELLO, Daniela, 2015, *The Politics of Market Discipline in Latin America. Globalization and Democracy,* New York, Cambridge University Press. 239 pp.

In Peru, the headlines on the economics pages the Monday after the presidential elections provide perfect evidence of the way that markets react to elections: either with panic, as in 2006 and 2011, or with euphoria and jubilation, as in 2016. In either case, the reaction tends to be dramatic. The reasons for these reactions as well as the subsequent response of the markets to the person who finally moves into the Palace of Government is the topic of this book, which is rigorous in its argumentation and exhaustive in its methodology.

Why do some candidates elected by the left such as Lula in Brazil or Humala in Peru hastily disengage themselves from the economists associated with their plans for government and name a Minister of the Economy who is orthodox and allergic to these ideals, while others, such as Correa, send the markets off to "take some Valium"? This is one of the questions behind this research, which formalizes the incentives of both investors and politicians as well as the interaction between the two. The expectation is that with the globalization of financial markets and the liberalization of the circulation of capital, the influence of investors over political economics becomes ever more effective. Nevertheless, Campello demonstrates that the convergence towards neoliberal policies is not evenly distributed over the continent, and proposes explanations for why this may be the case.

In the theoretical chapter, the author develops a formal model of the relationship between investors and leftist candidates, detailing how the former react to the potential victory of a leftist candidate and, in turn, what the response of the president elect is to the capital flight that generally accompanies such a victory. Campello argues that in the first case, foreign capital would have to leave (or threaten to do so) after the electoral victory of the left due to fear of the redistributive policies (generally financed by higher taxes) that this political orientation usually prioritizes over policies more favorable to investors. This fear tends to be based on the political gains that redistributive policies bring in countries with high levels of inequality, such those in this region.

In the second case, in what is the book's central and most original contribution, Campello establishes the conditions under which investors have a high capacity to discipline a leftist government. In sum, the influence varies as a function of the pronounced cycles of abundance and scarcity of foreign currency that characterize Latin American countries because of the dependence of their economies on the primary product exports and their low levels of domestic savings. From this it follows that during boom periods, when prices of commodities increase and international interest rates are low, the availability of foreign currency reduces the government's need to attract foreign capital to fulfill its financial obligations. In the reverse case, there is no choice but to adopt orthodoxy (even when this was opposed during the campaign) in order to attract the elusive investors and their foreign currency. In the "good times," therefore, there is more room for maneuver; during the "bad times" it is best to abandon any hint of heterodoxy and rapidly appoint a Minister of the Economy who is close to the markets as a sign of good will and credibility.

In the empirical section, Campello tests the hypotheses derived from her formal model, first through a quantitative analysis and later through detailed case studies with which she seeks to unravel the causal processes identified in the theoretical section. The case selections are very well justified and permit changes in the dependent variable: Brazil, which did not take a sharp turn when Lula was elected in 2002 (with clear similarities to Humala in 2011); Ecuador, which did take a sharp turn with Correa (2006) but not with Gutiérrez (2002); Venezuela, which did not take a sharp turn with Chávez in 1998 (when a barrel of oil cost US$ 8.00), but only did so years later when the price per barrel made it possible (over $100 starting in 2004); and Argentina, where the Kirchners were able to make a sharp turn in economic policy due to the 2001 default, which freed them from financial pressures.

These relationships between investors and leftist parties have important implications. Of these, and first, the analysis suggests that the greater the exposures to cycles of abundance and scarcity, the lower the probability of having a moderate leftist in power. In contrast, and second, in economies that are relatively stable and less subject to the ups and downs to which the international prices of their export products are subject, the convergence to neoliberal policies will be greater (just as would be expected in a globalized world where capital can flow freely to the most attractive ports).

However, cases such as Chile (which is not discussed) demonstrate that dependence on primary products does not necessarily translate into abrupt cycles, but rather that these can be controlled to a relative degree, which suggests that there is something more than international economic factors at play. Campello tries to downplay the role of institutions, in particular the strength of political parties and political stability, but it is possible that the existence of a consolidated system of parties serves to transmit reliable information to markets and reduce the uncertainty that tends to trigger capital flight.

In this sense, and despite being mentioned in the title, perhaps the most obvious factor that is missing in this book is the political dimension. As we have seen, beyond a secondary recognition of the level of institutionalization of both the party system and the party in power and a passing reference to society and its capacity for mobilization and influence, variation ends up being put down to structural factors and mainly economic ones (the size and vulnerability of the economy to international factors). Perhaps it is for this reason that a case such as Peru does not quite fit the author's explanation, just as it does not fit many other theses about the vicissitudes of the left in Latin America. Indeed, Peru in 2011, as many critics of Humala have pointed out, was a buoyant economy that was growing and enjoying "good times." The political context is missing in the already classic comparison of Lula's moderation in 2002 and Humala's in 2011. Lula turned to the markets in hard times, but Humala?

The answer might be found if another question is asked: are the cases really unrelated? Did Chávez's support have any influence on the heterodoxy of Correa and the Kirchners? Could the enormous Venezuelan wallet, which financed 2.5 billion dollars in loans to the Kirchners, have been a substitute for foreign capital? On the other hand, it is worth asking if it is of any importance how much of this extraordinary income is really "captured" by the state. To have direct income from the government-owned oil industry is not the same as receiving indirect income from taxes on minerals.

In general terms, this book deals with a topic that is highly relevant to understanding the impact and the relationship between globalization and democracy in Latin America. While economic stability is a desirable objective, this seems to have come at the cost of a representative mandate under which leftist candidates are elected in the region. The fiscal surplus is built on a democratic deficit and this can lead to the programmatic weakness of parties and disaffection on the part of citizens towards the political system (something that can already be seen in countries such as Chile, for example). While the "good times" have allowed for the expansion of social programs such as Bolsa Familia in Brazil, Campello suggests that nothing guarantees that such programs will be as large or reach as many people during "bad times."

This books represents a fundamental contribution to the study of political economy in Latin America in general and its turn to the left in particular, and illustrates the importance of the international context and the challenges and opportunities that it represents for countries on a continent on the border of the periphery.

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