Book Review


This book offers a comparative approach to the economies of Argentina and Brazil. The volume papers were generated for presentation at a conference held in April 2010 at the University of Illinois, where Werner Baer holds the position of an endowed chair in economics. For his part, David Fleischer distinguishes himself outside of academia, as well as in it. When this book was published in 2011, Fleischer served as a representative for Southern Brazil and Uruguay at the Inter-American Foundation. His biography suggests that he has been active over a long term in a host of undertakings in South America.

As editors, Baer and Fleisher organize this book into eight distinct parts, each comprised of three chapters that consider a theme. The chapters cover a wide variety of topics, ranging from industrialization and agriculture to regional development and foreign trade.

Bernardo Kosacoff, who has held various prestigious posts in Argentina both in academia and in policy-making, is the author of the first chapter, in which he offers a historical account of Argentine industrialization. The next chapter, by André Villeia of the Fundação Getulio Vargas in Sao Paulo, considers Brazilian industrialization from a “bird’s eye view.” The “Comments” of Joseph Love, professor emeritus of history at the University of Illinois, provide an insightful synthesis of ideas, going beyond the scope of the first two authors’ contributions. The same pattern continues throughout the book for the remaining seven sections.

As a comparative economist, I can readily note advantages associated with this book’s perspective. Clearly, Argentina and Brazil are well suited for comparison, and largely because of their sizes and close proximity. Whereas Brazil accounts for the biggest landmass in South America, taking up about half of it, Argentina incorporates the second largest territory on the continent. While Brazil is the home to over 200 million people, thereby hosting about half of South America’s inhabitants, Argentina’s population approaching 40-million is clearly smaller. However, in terms of continent-wide numbers, Argentina is the second most populous country in South America. In a sense, then, Argentina is a colossus of a sort adjacent to an even greater
one. Clearly, these countries weigh in as South America’s two major economic players. And they both face formidable geographic challenges.

Raul Prebisch once referred to South America’s “three giants” that constrain continental development, and Argentina grapples with two of them. The first giant, Patagonia and Tierra del Fuego occupy the country’s far south and remain dry and dusty year round, being also bitterly cold in winter. Consequently, this vast territory is hardly populated. The second giant, the Andes mountain chain, defines Argentina’s western border, with foothills extending eastward and affecting development possibilities, especially in its northwestern regions.

Brazil, for its part, hosts South America’s third giant: the formidable Amazon River with its extensive basin. This “giant” poses a host of development challenges related to equatorial tropics and wetness. The waters of the Rio Negro flow from the north, while the Solimões’s – from the west. Brazil’s Rio Amazonas is formed by the confluence of these great rivers, just below Manaus. Known by Brazilians as Rio Mar, this sea-like river rises and falls by about ten meters over a twelve-month period. Reaching their peak in June and July, high waters could create river widths stretching over two hundred kilometers, where the river’s extensive backwaters are taken into account. This body of water, flowing slowly toward the Atlantic, serves to isolate territories to the north from the more industrialized regions of the southeast.

If we consider time-series and international comparisons, Argentina would rank as a country that has lost its prestigious per-capita income over the course of the twentieth century. The potential cause for it is explained by the Prebisch-Singer hypothesis, and by the country’s continued reliance on agricultural exports in the context of declining relative prices. Brazil, on the other hand, is not only South America’s rising star, but it also registers as an emerging power on the world scene, proving integral to the stature of the BRICS (Brazil, Russia, India, China, and South Africa) countries. With a large landmass, significant population, brisk international demand for its commodities, and the rise of talented políticos in recent decades, Brazil now ranks as the fifth largest economy in the world, growing increasingly influential. With income disparities finally being addressed by policy-makers, Brazil’s per-capita GDP is growing markedly, though Argentina’s has been climbing faster following the recovery from the 2001 crisis. The book clearly considers this continental dynamic. Moreover, the fall in ranking of one economy and the late ascent of the other makes a comparative analysis especially fruitful, highlighting features of interest to economists and policy-makers.

This book undoubtedly covers many dimensions, sectors, and industries composing the economies of Argentina and Brazil. Its comparative perspective offers a pedagogical method that helps one retain newly gained knowledge. Contributors register as highly knowledgeable of policies that, when implemented, have generated measurable outcomes. But, because this edited book contains twenty four chapters, the possibility of reiterating selected policies runs high, causing an overlap of information. Integration of economic theory is also wanting in the volume. An additional gripe relates to the insufficient coverage of a pertinent issue: namely, the cross-movement of capital in the region. As Argentina declines economically and
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Brazil moves up in its international ranking, a clear tendency emerges for Brazilian industrial and bank capital to flow outward and buy into Argentina, thereby altering the relative independence of their respective economic histories. This tendency of changing the national and international dynamics in the southern cone, thus, stands as an issue that is not sufficiently dealt with in this book.

Nevertheless, the contributors offer a vast amount of empirical information to substantiate their perspectives. For those dealing with South America, especially its southern cone, this book is essential to consider. Unfortunately, reading proves tedious as one digests sector and industry studies. However, considering that about twenty five experts have contributed to its contents, the volume serves well as a reference book. These collected contributions do, indeed, establish the tendencies and dynamics taking place within South America’s two main economies — Argentina and Brazil — at the micro-, macro-, and international levels. It also places emphasis upon the discussion of policies shown to generate outcomes that have affected national development trajectories — for better or worse.

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