Call for Papers: Financialisation in developing and emerging economies: Manifestations, Drivers and Implications

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The Special Issue aims to provide an assessment of the financialisation process in developing and emerging economies (DEEs). It invites contributions on the theoretical and empirical specificities of the manifestations, drivers and implications of this process in these economies. It encourages interdisciplinary work, both in theory and method, and is particularly interested in papers, which make a conceptual contribution to the literature.

The analysis of financialisation in DEEs is relatively novel (Bonizzi, 2013). It is rooted in earlier discussions about the risks of financial globalisation and liberalisation, including the Latin American Structuralist literature on the hegemonic role of the US dollar (Belluzzo, 1997; Braga, 1997; de Mello, 1997; Fiori, 1997; Miranda, 1997; Tavares, 1997; Tavares & Melin, 1997); the debate on capital account liberalisation and capital market integration (Cohen, 1996; Rodrik, 1998; Stiglitz & Ocampo, 2008; Strange, 1994); the Minsky-inspired currency and boom bust dynamics of financial crisis in developing economies (Arestis & Glickman, 2002; de Paula & Alves, 2000; Dymski, 1999; Kregel, 1998; Schroeder, 2002); and the critique of financial liberalisation and integration of DEEs (Akyuz & Boratav, 2005; Barbosa-Filho, 2005; Crotty & Lee, 2005; Frenkel & Rapetti, 2009; Grabel, 2003; O'Connell, 2005; Palma, 1998; Taylor, 1998).

Recently, a literature has emerged which looks more directly at the financialisation of DEEs. One strand of this literature has focused on its international dimension, particularly the ability of both foreign and domestic actors to exploit interest rate differentials and exchange rate volatility through their increasing participation in asset trading and the political economy implications of such a process (Hardie, 2012; Kaltenbrunner, 2010, 2015; Kaltenbrunner & Painceira, 2009; Powell, 2013). This aspect of DEE financialisation is associated with, and reinforced by, the structural dependence of DEEs on capital inflows, which demands appropriate economic policies, such as overvalued exchange rates and high interest rates, that guarantee and contribute to generate attractive financial returns (Becker, Jäger, Leubolt, & Weissenbacher, 2010; Medialdea, 2013). Indeed, a key issue in this literature is the extent to which DEE governments have been compelled to provide liquidity to financial markets, as financial investors increased their influence on the domestic currency and made exchange rate management more difficult (Datz, 2008; Epstein & Yeldan, 2008; Kaltenbrunner, 2010, 2015; Kaltenbrunner & Painceira, 2015; Painceira, 2010, 2011; Papadatos, 2009). This is closely associated with growing national public debt which, in a context of floating exchange rates and currency hierarchy, has been understood as a core feature of financialisation in DEEs, as government bonds are used to mitigate and protect the country against investor speculation, usually by accumulation of foreign exchange reserves and their use as a hedge mechanism (Alves, 2017; Correa, Vidal, & Marshall, 2012; Ertürk, 2003; Hardie, 2012; Painceira, 2009, 2010).

Another strand of the literature has sought to map the financialisation phenomena encountered in the Anglo-Saxon core onto DEEs. For example, empirical evidence has been used to show the transformation of non-financial corporations (NFCs), i.e., their shift from being primarily involved in real sector activities to becoming financial actors themselves. The debate draws attention to their costly efforts to increase shareholder value, which induces NFCs to decrease productive investments (and employment), affects wages negatively, and increases their vulnerability to (international) market conditions (Araújo, Bruno, & Pimentel, 2012; Correa & Vidal, 2012; Demir, 2007; Farhi & Borghi, 2009; Kalinowski & Cho, 2009; Karwowski, 2012; Powell, 2013; Rossi, 2013; Seo, Kim, & Kim, 2012; Tan, 2014). Further, the literature shows that DEE NFCs have started to rely on long-term bond issuance rather than bank borrowing which has sometimes been associated with a move from bank-based systems towards market-based financial systems (Becker et al., 2010; Kaltenbrunner & Karacimen, 2016; Lee, 2012; Powell, 2013; Rethel, 2010). Related analyses have examined financialisation in DEEs from the perspective of changes in the financial sector, such as the entry of foreign banks in DEEs and the adoption of practices found in financialised developed countries, in particular, lending to individuals for mortgages and consumption, which has in turn resulted in rising levels of individual indebtedness as well as the creation of new tradable financial securities based on these cash flows (Ashman, Fine, & Newman, 2010; Cho, 2010; dos Santos, 2013; Gabor, 2010; Karwowski, 2012; Lapavitsas, 2009; Sagemann & Reese, 2011; Aitken, 2014; Mawsdley, 2017).

The above review reflects a rising interest in the issue of DEE financialisation, its manifestations, drivers and implications. The Cambridge Journal of Economics has been a leading outlet for these discussions over the years, as also testified by its recent Special Issue on "Towards Financialisation and the rise of New Capitalism?". However, despite this rising interest, many questions still remain unanswered. For example, what, if any, are the specific features of financialisation in DEEs? Can domestic public debt (Alves, 2017; Painceira, 2009) or high interest rates (Becker et al., 2010) be identified as such common features? Does mapping the phenomena encountered in the Anglo-Saxon core onto DEEs overlook the structural differences of these economies and, therefore, their different financialisation practices and features? And how can we conceptualise financialisation in DEEs? Is it subordinate (Powell, 2013) dependent (Gabor, 2018), variegated (Brown et al, 2017; Karwowski, et al, 2017; Lai and Daniels, 2017)? Or all of this? In this vein, can financialisation processes be compared between DEEs? What are the roles of different institutions, policies and indeed locational factors in shaping these processes? Is financialisation driven rather by international factors or by autonomous domestic political economy processes (Lai and Daniels; 2017 Lapavitsas, 2009; Lapavitsas and Powell, 2013)? And if the former, what is the link between DEEs' financialisation and their 'real' international integration into international production networks? Finally, on an empirical level, and taking into account all of this, how should we investigate financialisation in DEEs? Is it possible to delineate financial development and deepening from financialisation in DEEs, and to what extent can it be quantified (Karwowski and Stockhammer, 2017)?

An indicative, and by no means exhaustive, list of questions that might be addressed in the SI includes:

- How can financialisation in DEEs be conceptualised and theorized? What is the contribution of different disciplines in theorising financialisation in DEEs?
- What drives financialisation in DEEs? Is DEE financialisation largely driven by their relation with developed countries or are these autonomous processes?
- What are the distinct features of financialisation in DEEs? Can we use the experience of advanced economies as a starting point?
- What are the commonalities and differences between DEEs' experiences with financialisation?
- How can financialisation be located empirically in DEEs? Can it be quantified? What methods are adequate to investigate financialisation in DEEs?
- How is financialisation related to the 'productive' international integration of DEEs?
- What is the role of the state in shaping financialisation in DEEs? Are there specific actors influencing the process?
- What are the implications of financialisation for development, structural change, employment and income distribution?
- What are the policy implications we can draw from the financialisation processes in DEEs?

Submission of Papers

The deadline for the submission of papers is 31st May 2020. Submissions should be made using the journal's online submission system.

During the submission process, authors should indicate that the manuscript is a candidate for the Special Issue titled *Financialisation in developing and emerging economies: distinct manifestations, drivers and implications*. Authors are also advised to include a note indicating this in a covering letter that can be uploaded during the submission process. All papers submitted will be considered using the CJE's normal peer review process. Please refer to the Journal's information for authors. In line with the general guidelines of the Cambridge Journal of Economics, manuscripts submitted for this Special Issue should seek to limit the usage and preferably avoid mathematical modelling.

Further Information

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