

BOOK REVIEW

Contel, Fabio B. (2020). *The Financialization of the Brazilian Territory: From Global Forces to Local Dynamisms*. Cham: Springer. Pages 155

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Review of Contel, Fabio B. (2020). *The Financialization of the Brazilian Territory: From Global Forces to Local Dynamisms*. Cham: Springer. Pages 155.

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In view of the global developments arising from the sub-prime mortgage crisis in the U.S., at least two central axes have become transversal in the research agenda on the nature of financialization: I) the incomplete detachment between financial accumulation and the so-called real economy; and II) the spatial dimension as a social instance inherently linked to contemporary financial accumulation. Concomitant to these two growing concerns in financialization studies, an increasing interest regarding structural issues on the part of the world characterised as Global South, emerging economies, or periphery/semi-periphery can be considered a third axis prompted by a broader field of social sciences. From the specificities of these countries, some phenomena, themes, and approaches reveal a universalising explanatory potential about the current historical period.

Throughout the three chapters that make up this seminal book, Contel presents an authentic contribution to an integrated operationalisation of these three axes as implicit guiding threads on the *longue durée* process through which financial capitalism has been engendered across the Brazilian territory: the relationship between financial accumulation and real economy, the space as a social instance from which financialization takes place through its infrastructural and regulatory elements, and the historical attributes that make up the concrete specificity of each semi-peripheral territory in its links with the global economy through the international division of labour. Thereunto, the author analyses financialization as a spatial *longue durée* process through the articulation between contemporary theoretical approaches and those constitutive of its embryonic stages.

The genesis of the structural processes of financialization on a global scale is presented within a long-term

perspective that began in the nineteenth century. An overview is provided from the adoption of the Pax Britannica's self-regulatory market model through to the inflection point represented by the 1929 crisis in the U.S. The liberal recommendations give way to the guidelines with the major incidence of state planning on macroeconomic variables and establishing a social welfare state. The Bretton Woods Agreements were a milestone in this new paradigm during the post-World War II period and lasted until 1971 – when there was a unilateral rupture in the convertibility of the dollar into gold by the decision of the then U.S. President Nixon. Thereafter, a new cycle of unified economic deregulation and liberation policies began under the Washington Consensus (1989) as a symbolic framework of the neoliberal paradigm and an important basis for contemporary financialization.

In line with this more economic dimension in the hierarchy of the financial flows that structure the international division of labour and subordinates countries on the periphery and semi-periphery of the global economy (as in the case of the debt crisis in Latin American countries, originated in the “recycling” of petrodollars), informational transmission networks are presented as another important foundation for financialization. The modernisations represented by the physical infrastructures related to the informational advent of each period (such as the telegraph, telephone and optical/digital networks) do not occur in a simultaneous and homogeneous manner, but through a selective diffusion, which is, at the same time, a result and condition of uneven development.

It is in the convergence of policies of deregulation and economic liberalisation with the advancement of information technologies that the international financial centres (based on offshore financial centres and/or portions of global cities) are integrated according to the hierarchy of the international division of labour. Due to the robustness of its banking and financial system, the metropolis of São Paulo presents not only the function of command

and control over the national territory, but also the links of financial flows between the global economy and Latin America.

With regard to the long-term geographic analysis of the banking and financial system on a national scale, the transition from a more regionalised configuration is revealed, with a predominance of small and medium-sized banks with a restricted outreach, towards a prevalence of the action of banking networks with an oligopolised structure whose primacy of command ensues from the metropolis of São Paulo. This transition is based on the country's growing adoption of economic deregulation and liberalisation policies (as engines of banking concentration through privatisations and mergers and acquisitions with the participation of foreign institutions), as well as an increase of technical networks (such as data processing centres and the Brazilian Payment System), which enables the intensification of information flows and the automation of the banking system across the territory.

As a result, the concentration and internationalisation of the banking system is thereby expressed through the centralisation of the banking headquarters and subsidiaries, particularly in the metropolis of São Paulo. Based on agglomeration economies made up of a variety of advanced producer services, information is captured, interpreted and issued in order to be carried out in subordinate, dispersed points across the territory. With the complexification of financial activities, the traditional "banking topology" integrated by spatially concentrated bank headquarters and their dispersed branches is complemented with a multiplication of new sources of access to financial services, such as banking correspondents, mobile banking, internet banking, automated teller machines (ATMs), point of sales (POS) and contact centres. For Contel, the leading role of the commercial/universal banks (rather than financial institutions more focused on operations in stock exchanges and capital markets) in forming what is characterised as "credit hypercapillarity" is an important element of the "low-intensive financialization" framework in defining the current relationship between finance and the Brazilian territory.

Lastly, the book highlights the analysis of finance within the local dimension based on the scarcity of institutional/formal financial services for significant portions of impoverished populations in countries that, like Brazil, make up the periphery or semi-periphery of the global economy. This is another characteristic that qualifies the "low-intensive financialization" of the Brazilian territory, inasmuch as there is a requirement over the bancarisation process of the low-income population. The consequences and problematisations of this situation are detailed by Contel in three ways: I) verifying robust advances in the bancarisation process of the low-income population since the early 2000s, due to both the advent of focused financial products and services (such as micro-credit and simplified bank accounts), and the largest territorial capillarity achieved by financial institutions through banking correspondents (which also enable direct income transfer programs); II) problematising the negative effects of microfinance policies that ultimately restore the terms of financial exclusion subjecting customers to debt by charging exorbitant fees and interest rates; and III) structuring financial agents that operate principles of horizontality through generating jobs and income in places where they operate, instead of being guided by exclusively corporate goals of profitability. In that sense, credit cooperatives, community banks and fintechs (although their declared potential to reach small economic agents and low-income population is already hampered by incorporating them into financial conglomerates) are cited as examples. Summing up, although the contradictions in the processes of formulating and implementing alternative finance to those of a corporate nature are highlighted, such initiatives highlighted in the book make up the phenomenon of financialization, and represent attempts to establish financial agents mobilised by the reduction of acute economic inequality and socio-spatial segregation in the territories into which they have been installed.

Competing Interests

The author has no competing interests to declare.

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