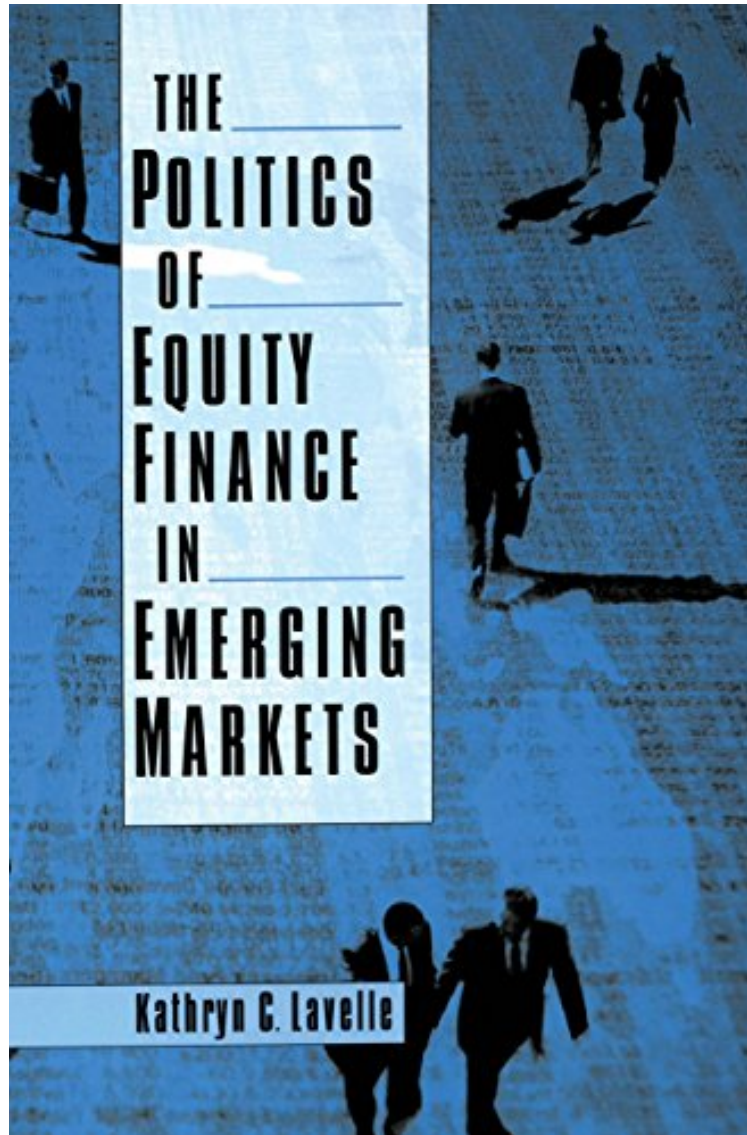


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The Politics of Equity Finance in Emerging Markets

Kathryn C. Lavelle

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Kathryn C. Lavelle : The Politics of Equity Finance in Emerging Markets before purchasing it in order to gage whether or not it would be worth my time, and all praised The Politics of Equity Finance in Emerging Markets:

1 of 1 people found the following review helpful. POLITICS vs. MARKETSBy Nestor CruzProfessor Lavelle has done the world of business and economics a service by explaining the political considerations that often impact emerging market stock markets of which some people have become so enamored during the past ten years. The chapters dealing with Latin America are particularly good. It would be an excellent idea if for the next edition of this book the author would discuss at length spontaneous privatizations in former communist countries. These in turn have

resulted in "mafia capitalism" in some countries, a phenomenon worth exploring. Generally though the book is quite good and thought-provoking. Nestor Enrique Cruz

Emerging market stock issuance relative to GDP rose in the late twentieth century to levels that roughly matched that of advanced, industrial markets. Nonetheless, the connection between owning shares of emerging market stock and the ability to influence the management of these firms remains fundamentally different from the analogous institutional connection that has evolved in industrial markets. The reasons for the differences in emerging markets are both historical and political in nature. That is, local equity markets have had the objective of providing for some degree of local ownership and control of large economic entities since the late nineteenth century. However, local markets have operated under different global political structures since that time, ranging from imperialism, to world wars, to sovereign developmental states, to neo-liberal states. Shares issued under these different structures have been reconfigured over time, resulting in a lack of convergence along either the Anglo-American or Continental models of corporate governance. The author uses a political science paradigm to explain the growth of emerging equity markets. She departs from conventional economic explanations and examines politics at the micro-level of large issues of emerging market stock. The second half of the book presents case studies dealing with emerging market countries in Latin America, Asia, Russia and Eastern Europe, Africa and the Middle East. The case studies connect the regional, state, and firm levels to detail the multiple ownership and control arrangements, and to dispel the notion that mere quantitative growth of these markets will lead to a convergence in financial institutional structures along the lines of the industrial core of the world economy.

"Kathryn Lavelle explains in clear, succinct terms how national political processes lead to equity market growth, and how that growth affects the process of corporate governance - and why it sometimes fails to do so as governments maintain a continuing grip of firms (especially those formerly state-owned). She links this discussion - through case studies focusing on Eastern Europe, Asia, Latin America and Africa - to cross-border equity flows and global capital markets, and to the role of international development organizations. The discussion covers the appearance of new financial products and new kinds of financial intermediaries in emerging markets, notably viable equity markets. Much of the discussion provides good news, although there are plenty of shadows involving missed opportunities and the potential for economic contamination through volatile cross-border capital flows"IR. From the Foreword by Ingo Walter - The Stern School of Business - NYU About the Author Kathryn C. Lavelle is at Case Western Reserve University.