

## Book Reviews

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Virginia Garrard-Burnett, Mark Atwood Lawrence, and Julio E. Moreno, eds., *Beyond the Eagle's Shadow: New Histories of Latin America's Cold War*. Albuquerque: University of New Mexico Press, 2013. Figures, table, 352 pp.; hardcover \$55.

*Beyond the Eagle's Shadow* offers a series of fresh perspectives on the Cold War (roughly 1947–91) in Latin America and showcases the great opportunity for scholarly collaboration in Cold War studies. The collection features 11 interrelated chapters that address the project's 3 overarching questions: how and to what degree did Latin American nation-states exercise agency and initiative in shaping the Cold War in the Western Hemisphere; how did Latin American citizens outside the role of government experience and understand the Cold War in their daily lives; and (perhaps the collection's largest contribution to the continually expanding historiography of the Cold War) how well does the left-right/communist-capitalist binary work to explain the realities of Latin America's Cold War experience.

The book's title is a play on Peter H. Smith's classic study of U.S.-Latin American relations, *Talons of the Eagle* (1996). Smith describes Latin American nation-states as being trapped in the "talons of the eagle" to emphasize the suffocating force of U.S. hegemony in the region. *Beyond the Eagle's Shadow* challenges Smith's interpretation of U.S.-Latin American relations by showing a fertile "middle ground," featuring a bevy of historical actors and institutions in Latin America that displayed significant agency and challenged power from both Washington and Moscow. However, the contributors do not lose sight of the influence and impact of the United States and Russia in the region.

Through specific historical case studies, *Beyond the Eagle's Shadow*, in step with a budding branch of Cold War historiography, explores how Latin American citizens exerted power and gained an increased share of control through Cold War conflicts. That narrative alone would make the collection a valuable scholarly contribution, yet the collected essays also underscore how nation-states used the drama of the Cold War to extend state power into areas far removed from foreign policy and provoked anxieties that carried over into personal lives. Through this optic, the collection's authors provide valuable insight into the meaning and importance of the Cold War for the millions of actors with little or no stake in the military and ideological clash between Washington and Moscow.

The majority of citizens in Latin America experienced and viewed the Cold War through the actions of their own governments, not as a clash of global powers. The collection's larger methodological contribution to both past and present Cold War historiography, however, is its questioning of the bipolar lens of the global Cold War. As the book demonstrates, the communist-capitalist dichotomy did not

that moving from the majority to the plurality scenario shifts legislative outcomes away from the ideal point of the median member of the largest party and toward that of the chamber median. But the layer of institutional infrastructure that allows the Argentine Congress to adjust to the plurality-led scenario without sacrificing overall productivity does not exist in the smaller Uruguayan chamber. Productivity goes down in Uruguay in the absence of a governing majority.

This is slightly unexpected at first, but it makes sense in light of Calvo's careful and comprehensive treatment of Argentina. The larger legislature has developed a more elaborate set of institutions to handle its heavy flow of initiatives from hundreds of members. The Chamber Directorate, for example, which enfranchises opposition parties and serves to direct legislative traffic under all scenarios, also rises in prominence as a forum for negotiation under the plurality scenario. Uruguay's chamber, by contrast, with its double-digit membership and lighter scheduling demands, has operated more improvisationally. When a governing majority disappears, reliable command over the legislative calendar goes with it, and the backup traffic cop is absent, which produces a more chaotic, less consensual legislative agenda.

This last result points to a direction that research following on Calvo's might productively take: the origins of legislative institutions. Calvo's own comparison of Argentina and Uruguay suggests that sheer legislative size produces time constraints that, in turn, trigger the construction of institutions that accommodate high volumes of proposals, and that the existence of these institutions also makes possible legislative adaptation to nonmajority politics. That is a plausible explanation for the Argentina-Uruguay comparison, and it might well have broader application. Calvo's book, then, gives us exactly what we want from a piece of scholarship—a meticulous and persuasive solution to an existing puzzle, and ideas for new research that will advance knowledge of democratic institutions further.

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Alison E. Post, *Foreign and Domestic Investment in Argentina: The Politics of Privatized Infrastructure*. New York: Cambridge University Press, 2014. Figures, tables, abbreviations, bibliography, index, 263 pp.; hardcover \$95, ebook \$76.

How can low- and middle-income countries, especially democratic ones, best manage politically sensitive infrastructure and public services for the benefit of their populations? What makes privatization successful and enduring? Why do some privatized utilities stay private while others end up back in the public sector?

Alison E. Post has written an exceedingly interesting book that goes beyond the by now somewhat tired, even if often correct, emphasis on impartial institutions as guarantors of property rights to inquire deeply into the political nature of investment in utilities and infrastructure service. The theoretical core of the work is a "relational" argument drawn from political sociology. Post develops and assesses the argument through an in-depth analysis of 14 (subnational and provincial) conces-

sions for urban water and sanitation services in Argentina. She also presents a broader study of concessions in the developing world.

The first chapter presents the main argument and justifies the research design. The chapter explains that a problem common to all privatization of infrastructure—the impossibility of constructing investment contracts that anticipate all manner of problems that may arise in the future—is especially severe in countries with weak institutional environments. When there is an exogenous shock (e.g., a financial crisis), firms are likely to seek changes in some elements of the initial contract for the investment to continue to be profitable. This requires negotiating with the government authorities, who, given the importance of infrastructure and utilities to large numbers of citizens, are probably under strong political pressure not to permit changes such as consumer rate increases.

What makes for successful renegotiations between firms and governments under these conditions? Post presents a dichotomous “ideal type” characterization of contractual relationships between governments and firms in regulated network industries in which assets are fixed, economies of scale exist, and citizens consume the services. The two types of relationships are “resilient” and “brittle.” With the former, regulated firms provide incremental improvements and endure over time; if they have trouble meeting their contractual obligations, they are able to arrange different terms with government officials. With the latter, relations may easily become conflictual; firms are more likely to exit, taking an economic loss, and governments are more likely to take over the service; for example, to reprivatize.

But under what conditions are relationships more likely to be resilient or brittle? One way of summarizing Post’s argument would be to paraphrase Tip O’Neill: ultimately, all politics of infrastructure investment is local. Post develops a threefold distinction between foreign/international, domestic/national, and local/provincial firms. She then argues that domestic and local investors have various advantages when it comes to negotiating the contractual relationship in a postprivatization situation. One advantage is that foreign multinationals are perennially easy political targets, while it is more difficult to cast a domestic firm as an outsider and nearly impossible to do so with a local company. However, the most crucial arguments are that national and local firms are more “embedded” and tend to have more diversified holdings in the particular jurisdiction. They can more readily use “issue linkage” as a negotiating tactic, sometimes in shady ways suggestive of “crony capitalism.” Multinationals, with less “embeddedness” but greater access to more formal tactics, are likely to be less patient and more willing to seek formal arbitration. Post contrasts her arguments with others emphasizing checks and balances, state capacity, ideology, and informational differences among foreign and national firms.

Chapter 2 presents the author’s meticulous multimethod study of water and sanitation privatization in Argentina. She first characterizes the contractual relationships between authorities in 13 provinces and firms in the water sector before and after the crisis of 2001–2. She develops measures of investor exit and contract renegotiations and rate increases as indicators of the two types of contractual relations. Following the crisis, domestic investors with significant and diverse local holdings

were able to negotiate consumer rate increases with regulatory authorities in nearly all cases. About 50 percent of domestic firms without local holdings and 25 percent of foreign firms also were able to do so. Rates of exit followed a similar pattern; that is, domestic investors with local assets were by far the most likely to “stay” and therefore successfully “institutionalize” the privatization.

Chapters 3 to 6 present detailed case narratives of firm-government relations and contract trajectories before and after the crisis of 2001–2. Post contrasts cases of relations in more and less politically competitive provinces, finding that the “home court advantage” for local investors holds across the diverse political environments. Readers who study the case narratives will find a wealth of details about the contractual relationship in diverse provinces.

Chapter 7 presents a quantitative analysis of premature contract cancellation, market exit, and shifts in corporate strategy in low- and middle-income countries. In particular, Post finds a strong relationship between access to international arbitration and premature contract cancellation. She concludes that a new set of entrants in infrastructure markets, domestic conglomerates, have been more successful than multinationals have, politically and financially.

In the overall conclusion, Post discusses some implications of her work for policy. Easy formal institutional fixes of the sort that appealed to multinational firms and dominated the privatization debates in previous decades are not as successful as many people hoped. The second-best alternative may be much more workable. The main lesson for firms is to consider diversification and organizational structure when making investment decisions. Governments and their advisers should consider that the most important choice in networked utilities may be that between state management and management by a domestic firm with a diverse portfolio. For scholars, Post recommends detailed study of contractual relationships in countries with more and less powerful business groups.

This book is a great contribution to the body of scholarship that tries to explain variation in public policy, economic outcomes, and “varieties of capitalism” among developing countries. In particular, it makes the concept of embeddedness more concrete and workable than many of the earlier works in economic sociology that made the concept famous. A criticism might be that we have known all along that local investors have certain advantages. However, Post performs a great service by showing that good formal institutions matter less for privatization outcomes than we thought.

One reading of the implications that Post herself does not dwell on is that clean and independent governance institutions sometimes may matter less to citizens than investment in the provision of public services. We know that people living in weak or budding democracies across several world regions, and especially in Latin America, have been disappointed by the poor performance of public policies in various arenas. Scholars and policy analysts should pay attention to these concerns. There is nothing specifically Latin American about Post’s conclusions, but it is good to see work about the region once more at the forefront of political economy and development studies.

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