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## Book review: Playing with Fire: Deepened Financial Integration and Changing Vulnerabilities of the Global South. Written by Yilmaz Akyüz. Oxford: Oxford University Press. 2017. 288 pp. ISBN 9780198797173. Paperback £33.99. Also available as an e-book

This monograph provides a comprehensive rebuttal and analysis of orthodox interpretations of: the financial and economic crisis 2008/9, deepened financial integration of Emerging and Developing Economies (EDEs) and their corresponding vulnerabilities to external shocks, the nexus between commodity and financial markets as well as of foreign direct investment. It can serve as an in-depth introduction to heterodox views on these topics. Beyond this, thanks to thorough analysis of various statistics, supplemented by a profound qualitative analysis, it can also widen the knowledge of scholars familiar with these subjects.

The book consists of three parts. The first one analyzes the policy response of advanced economies to the financial and economic crisis of 2008/9 and its impacts on EDEs. Substantiated by a range of carefully analyzed macroeconomic data, the responses within the EU and the USA are criticized for deepening root causes of the crisis. A focus is laid on the ultra-easy monetary policy intensifying the risk appetite on financial markets, triggering asset bubbles, and mainly serving the financial class. Similarly, the missing inclusion of creditors to debt resolution and the imposed austerity policy are criticized. It is shown how these policies aggravate structural demand gaps and inequality which are identified as root causes of the crisis. Based on this analysis, the author demonstrates comprehensively how these policies lead to boom-bust cycles of international financial markets and increase vulnerability of EDEs. He demonstrates how the ultra-easy monetary policy encourages risky investments in EDEs and contributes to growth. This growth is assessed unsustainable as it is highly susceptible to changes in monetary policy or looming crisis in advanced economies that would both lead to a quick withdrawal of financial means from EDEs. Especially valuable is the intense scrutiny of the nexus of commodity prices and financial markets in EDEs. Akyüz shows how commodity prices and capital inflows, both constituting major factors for growth in EDEs in the past decades, are determined by the same aspects, for example high liquidity in advanced economies. This positive correlation intensifies boom-bust cycles in EDEs and increases vulnerability towards the international financial market. Due to this, the author takes issue with the decoupling thesis and persuasively counters orthodox interpretations of growth dynamics in EDEs since the 1990s, also through revealing common statistical misinterpretations.

The second part of the book describes how EDEs became more integrated into international financial markets, fueled inter alia by changes in their debt structures and a general liberalization of their financial markets. While the first chapter of the second part is very statistical and tends to lose its focus, it still provides a sophisticated data basis for worthwhile derivations made in the subsequent chapters, being more accessible and outcome oriented. The widespread thesis that EDEs became more resilient to external shocks, for example thanks to tendencies of increasing borrowing on the domestic financial market in local currency, is contradicted. On the contrary, this trend is assessed as a weak spot towards external shocks. This is because of the remaining domination of domestic markets by external investors from advanced economies who strive for high yields, thereby relying on continuing appreciation of the local currencies. As soon as a depreciation is looming, withdrawal of capital is predicted which intensifies the anyway increasing real dept. On this basis, Akyüz's thesis that the EDEs' participation in international financial markets and the liberalization of the domestic ones was too quick and not aligned to the build-up of domestic investors, convinces.

In the last chapter of the second part, EDEs' possibilities for crisis management and decreasing vulnerabilities are assessed and developed. Even though most suggestions are not groundbreaking, the policy experience of the author being the former Director of the Division on Globalization and Development Strategies of UNCTAD, pays off. Generally spoken, among other measures like an international debt resolution or the inclusion of private lenders for the resolution of private debt crisis, tailor-made regulations are suggested instead of further liberalization. An anti-cyclical policy is promoted and loans by the International Monetary Fund as common measure are seen critical due to limited possibilities to restructure those debts and the usually collateral imposed austerity policy.

The third part focusses on Foreign Direct Investments (FDIs) and their impacts on the increased vulnerability of EDEs to external shocks. The orthodox assumption that FDIs are generally growth-conductive and relatively unaffected by external shocks is plausibly challenged. Akyüz calls EDEs to not universally liberalize for FDIs but to rather integrate beneficial FDIs in an overall industry strategy through appropriate regulations. He warns that FDIs might otherwise oust domestic corporations and not contribute to domestic growth, inter alia because of their missing integration into the domestic market and exploitative tendencies. Also, he calls for an accurate distinction of FDIs in terms of their analysis and regulation: For example, greenfield investments indeed might be beneficial for EDEs in case that the thereby increased productive capacity is adequately integrated in the domestic industry. However, Mergers and Acquisitions are mainly seen as disadvantageous due to their tendency to simply shift profits to external markets and are assessed comparably skeptical like portfolio investments. Again, the conclusions are drawn on a highly sophisticated analysis of data and a careful scrutiny of orthodox interpretations.

To conclude, this book provides in-depth views on increased vulnerabilities of EDEs and their deepened integration into international financial markets and thus delivers on its promises. Also, the impact of the deepened financial integration on the productive economy in countries of the Global South is comprehensively outlined throughout the book. Nevertheless, potential readers should bear in mind that basic growth and development paradigms are taken for granted. Furthermore, while regulatory arbitrage is often mentioned as an obstruction towards growth in the status quo, it is merely elaborated on in how far this could become problematic in case that the regulations suggested by the author would be implemented by EDEs. In general, possible side effects of the proposed policy measures are little elaborated on, opening the door for further research.