

Content

1 Note from the editor

Inequality and wealth in Latin America
by Mariana Heredia

5 Dimensions of equity and social justice
in Latin America and Brazil by *Elisa P. Reis,*
André P. Vieira and Felix G. Lopez

14 Concentration of wealth and income in
post-pandemic Latin America: Measurement,
results, and perspective by *Germán Alarco*

22 Family business in Argentina: The
discreet charm of strong ties in weak
institutional contexts by *Alejandro Gaggero*

28 Wealth and whiteness in Latin America
by *Hugo Cerón-Anaya*

36 Choosing schools, choosing (adult)
friendships: National language, progres-
sive self-fashioning, and social envy
among Brazilian and Puerto Rican elites
by *Ana Y. Ramos-Zayas*

47 She's my nanny: Discourses and
perceptions of children who are cared for
by child and adolescent domestic workers
by *Sarai Miranda*

53 Ongoing global projects on wealth
and inequality

55 Book reviews

Editor

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Note from the editor

Inequality and wealth in Latin America

Mariana Heredia

For many analysts, Latin America has long stood out as one of the most unequal regions in the world.¹ However, according to Juan Gabriel Palma, in recent decades this characteristic is less a hangover from the past than the destiny to which many developed countries seem to be heading. In his words, “as far as inequality is concerned (and not just inequality!), now it is the highly unequal middle-income countries that show the more advanced ones ‘the image of their own future’” (Palma 2016, 7). Like most economists, Palma focuses on income and compares the share received by the top 10% in relation to the bottom 40% of the distribution and observes a “reverse catching-up” of the global North. While the progress made by Latin America at the dawn of the 21st century (Amarante 2016) is inverted and relativized, the region seems to announce that the deterioration of equality has permanent effects and the improvements have more transitory consequences.

Though the increase in poverty is manifest to any attentive ob-

server, the mechanisms that deepen and reproduce inequalities are less evident. With the weakening of the stratification theories, both the public debate and the specialized literature have tended to lose their relational character and concentrate almost exclusively on one of the poles of the social pyramid (Filgueira 2001). There are countless books on the poorest. These have been lately joined by analyses of the declassed or impoverished. Meantime, very little has been said about the richest. Only recently has the specialized literature begun to link the growth of poverty and social precariousness with a notable concentration of private wealth (Piketty 2014; Milanovic 2020; Savage 2021). After decades of oblivion, wealth and its elites have returned to the social science research agenda. If, as Charles Tilly (1998) argues, the main concern on the subject should be centered on “durable inequalities,” Latin America offers a promising field to address the relationship between inequality and wealth.

However, there are specific reasons that explain why Latin-

American wealthy have received little attention. Social research in the South tends to reflect the priorities of Northern academia, governments, or international organizations that have propagated a way of understanding inequalities and efforts for promoting social justice which – until the arrival of Oxfam – privileged an exclusive emphasis on the poor and assistance policies. As Cárdenas (2020) documents, concern for elites has tended to focus on political leadership, development, and democracy with less consideration toward social inequalities and wealth. This preference is also a response to specific theoretical and methodological difficulties. Latin American social sciences (Cardoso and Faletto 1967; Gunder 1965) early underlined that the social structure of the region could not be limited to its territories. While many countries in Latin America export their natural resources—exports that do little in terms of job creation—, they import manufactured goods that mobilize and reward foreign labor. At the same time, a large part of the main natural resources, private companies, and financial capital involved in the production of wealth are not (and never have been) in local hands. Well before the last globalization that expanded the phenomenon of the homeless rich (Advani et al. 2022), the territoriality of Latin America's upper classes was problematic. More recently, it was also recognized that a considerable portion of local wealth is not registered. It is not necessary to look to the extreme of drug dealing and its elites to conclude that an important part of the economic activities carried out are not declared (Beckert and Dewey 2017). These particularities have methodological derivations. Most authors who study wealth emphasize the limits of the available data. Yet, when attempts are made to copy the strategies used to analyze capital in Northern countries, they turn out to be even more deficient, with flawed economic, tax, and statistical records.

Against this background, economic sociology has been part of a renewal of studies on inequality, with greater attention paid to wealth. A fertile ground for exchange between different disciplines and methodologies has emerged. After the impulse of economics, it became clear that social inequalities could not be circumscribed to the magnitude of income and possessions, nor were statistical strategies the only ones capable of illuminating the meanings, causes, and consequences of the growing distance between richest

and poorest. In Latin America, this new interest revitalized long traditions in the study of the social implications of extractivism, the configuration of local economic groups, clientelistic networks, and urban and social segregation.

Since then, two approaches have consolidated. On the one hand, the analysis of inequalities and wealth complemented those already developed for the

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study of poverty. Attention to the poor was replaced with interest in the rich, the detail of deprivation was substituted by the exposure of extreme affluence, the concern for survival was displaced by the analysis of the anxiety characterizing contemporary elites. With essential references concerning the global North (Kahn 2011; Pinçon and Pinçon-Charlot 1998; Savage and Hjellbrekke 2021; Sherman 2017), analyses along these lines are also being developed for Latin America (North and Clark 2018; Fernández Pérez and Lluch 2015; Salas-Porras 2012). On the other, focusing on the mechanisms that favor the concentration and reproduction of advantages and deprivations, more relational analyses developed, attentive to the connection between the poles and the gradients existing between them (Davis and Williams 2017; Hoang 2022; Beckert 2022). By focusing on the situated significance of wealth, these studies emphasize less the contrast than the configuration of disparities according to specific institutional arrangements.

It is precisely this relational effort that is shared by the articles in this dossier. It could be said that the authors share a phrase of Antonio Porchia (2007, 48): "He who holds me by a thread is not strong; what is strong is the thread."

First, in contrast to the more usual statistical approaches, Elisa Reis, André Vieira, and Félix López argue that it is necessary to differentiate at least three types of inequalities: vital, existential, and resource inequalities. With these tools, they document the situation in Latin America (and particularly in Brazil) in comparative perspective. Contrary to certain dis-

courses that celebrated the reduction of inequalities in the region, they show that even in a context of economic prosperity and political stability, progress in terms of equality has been modest. Beyond the reduction of the Gini income index in Brazil, multimillionaires have multiplied and there has been a growing concentration of wealth. The authors relate this phenomenon less to deprivation than to the erosion of social cohesion. The persistence of socioeconomic inequality corresponds both to the segregation of social groups and to interpersonal and institutional distrust.

In a complementary approach and taking the case of Peru as a starting point, Germán Alarco returns to the methodological challenges posed by the study of wealth and inequality in the region. With a complete and critical map of available statistical resources, he concludes that they all have shortcomings that underestimate disparities. Focusing on the rich in Latin America, the author shows that they reproduce what has occurred globally: their number has been increasing and they tend to concentrate in the largest and most prosperous economies. As at the global level, the pandemic aggravated inequality, which has failed to recover after 2021. Although it is a global trend, the author stresses that the concentration of wealth in Latin America requires a local perspective that considers recent political changes, the differential impact of technologies, and the insertion in international trade.

Precisely because the understanding of the production and distribution of wealth refers to the varieties of capitalism, Alejandro Gaggero is interested in the role of families. While the corporate literature inspired by Anglo-Saxon countries and, to a lesser extent, Europe emphasizes the rise of shareholders and professionals, the author is interested in the Argentine case to demonstrate that close relatives are crucial for good business in Latin America. Based on the study of three families, he shows how families contribute to the seizure of extraordinary opportunities, the mobilization of political contacts, the diversification of assets, and the avoidance of corporate and tax liabilities. Although strong ties are decisive, they are not infallible. In highly unstable contexts, they are not enough to guarantee that prosperous families can reproduce themselves in the highest positions.

Although in many countries it has been insistently denied or referred to only with euphemisms, there is a fundamental element that accompanies the access of Latin American elites to the main economic and political resources: race. Contrasting the case of Mexico with that of the United States, Hugo Cerón-Anaya argues that racial bias has particularities in Latin America. It is not only that a predominantly white minority imposes itself over majorities of diverse ethnic-racial origin, but also that the observations of the

analyst – who verifies the overlap between socioeconomic and racial categories – are confronted with the discourses of authorities, intellectuals, and protagonists who deny these convergences. In nations that base their identity on miscegenation, it is aggrieving to recognize that most of the members of an elite golf club are white as opposed to mostly brown caddies and, more generally, that the aesthetics and practices of white families are still considered the measure of correctness. Racial tolerance and a certain fluidity in the social mobility of Latin Americans rests, the author claims, on “a modern spirit of racial capitalism [that] allows everybody to ‘whiten’ themselves via consumption practices and wealth accumulation.”

Ana Ramos-Zayas’ contribution also highlights the experience of social inequalities in Latin American everyday life. The obsession of the parents she describes with their children’s education could be compared to the race for excellence described by Bourdieu for France in the 1970s. However, the author demonstrates that it is not the awareness of a competitive professional market that preoccupies wealthy families in Brazil and Puerto Rico. As state schools are discarded as an option for the children of Latin American elites – state provision is associated with provision for the poor – families favor a controlled openness of their relationships. Members of a cosmopolitan and liberal community, they feel progressive, anti-imperialist, socially sensitive, and proud of their culture and native languages. Nevertheless, they discreetly manifest racial preferences, cultivate select friendships, and justify their own worth through a spiritual culture of self-actualization. Tension between the local and the global, sensitivity and indolence, the cult of diversity and fearful withdrawal characterize this “moral economy of privilege.”

Finally, Sarai Miranda’s contribution shows an extreme example of coexistence in inequality: the children who are part of the domestic staff in Chiapas (Mexico) and who serve other children of the same age. Without records to quantify it and allow for precise magnitudes, domestic service is one of the clearest expressions of social inequalities in Latin America that is also returning to the central countries as France (Carbonnier and Morel 2018). Due to the lack of state services and the low cost of labor, domestic service is common not only in the wealthiest but also in many middle-class households. Although many studies have already highlighted this intimate coexistence between people with such diverse backgrounds and social destinies, Sarai approaches them from a novel angle: the interpretation that wealthy children offer of their young servants. In the words of children aged 8 to 12, the author records both the affectionate names they use and the way they construct their otherness: parental prohi-

bition of activities together, suspicion in the face of a latent threat, dislike of other ways of dressing and smelling, reduction to the roles they play in the household.

The children of Chiapas are one of the many expressions of that long daily learning of social inequalities in Latin America. A learning made of invisibilization, of discomfort, and finally of generalized resignation in the face of the ineluctable reproduction of social fracture.

The analysis of inequalities and wealth is one of the most vibrant domains of economic sociology today, prompting a new interdisciplinary global dialogue. For that reason, this special issue closes with the presentation of four international teams currently engaged in approaching the topic from different angles: the World Inequality Lab, founded by Thomas Piketty's group, the World Elite Data Base Project directed by Mike Savage, the Calas Laboratory of Knowledge

connecting scholars from Germany and Latin-America and the Wealth and Social Inequality research team headed by Jens Beckert.

Endnote

- 1 The statement is a commonplace, although according to Gasparini et al. (2018) it is necessary to introduce two nuances. In Latin America, inequality in income distribution tends to be calculated, while in the rest of the developing countries inequality in consumption expenditures is estimated. When adjusting these calculations, the differences are less pronounced. At the same time, there is no reliable information on sub-Saharan Africa. Some indications suggest that disparities are even more pronounced in that region.

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Dimensions of equity and social justice in Latin America and Brazil

Elisa P. Reis, André P. Vieira and Felix G. Lopez

Introduction

In a world that claims to value equality, inequality persists and in many ways is even growing, despite the ethical and pragmatic challenges it poses to social, political, and economic life dimensions. Yet, progressive movements, driven by ideals and interests, emphasize the importance of equity and justice. Such tension between ideals and realities translates into trajectories that, in a long-term perspective, have shown clear progress in the fight against multidimensional inequalities, but also slowdowns and even retrocession is marked by sharp variations between countries and regions of the world, and there are no reasons to maintain that progress is the teleological thread of history. Even established redistributive efforts can be slowed down or hampered, negatively impacting real people's lives, as the widening of intranational income inequalities and the democratic recession observed in recent history make evident.

Before we focus on Latin American distribution patterns of material and/or symbolic resources in recent decades, a brief digression might be useful to put the notion of equality, and its relational opponent inequality, into a historical context.

We consider it relevant to observe that although there are competing analytical approaches, they are all framed in the cultural universe that emerged in early modernity, which replaced the notion of difference with the new concept of "inequality."

Indeed, the concept of equality, along with freedom and fraternity enthroned by the French Revolution, signals a departure from the idea that equality should be limited to those who share a common status. Instead, the new revolutionary equality idea was introduced by opposing to it the new notion of inequality. This signaled a significant cultural change. The new understanding of equality condemned inequality morally, unlike the previous concept of difference which conceived of social distance as intrinsic status characteristics. And although the initial demand for equality was driven by the bourgeoisie's opposition to the privileges of the nobility, the claim of universality associated with the notion keeps feeding the fight against various forms of exclusion and injustice.

In other words, despite the persistence of inequality and the rise of inequality indexes, egalitarian ideas and movements have spread globally and remain cherished cultural values. While disagreements persist about the definition and extent of equality, its liberating component continues to be a powerful instrument for advancing justice. Even those – including the political and economic elites – who oppose the principle of equality rarely openly reject it as an ideal. Arguments in favor of inequality often rely on utilitarian reasoning rather than outright rejection of equality as a social moral value.

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In recent decades, assessments of equality/in-equality have expanded beyond income and wealth distribution to include multiple aspects, such as health and education. Amartya Sen's capabilities approach, which incorporates empowerment and the allocation of political, social, and cultural resources, has played a significant role in broadening the understanding of equality. At the same time, difference has emerged as a relevant dimension in the equality debate, particularly in what concerns the claims of women and diverse minority groups. Those who demand difference recognition argue that social institutions are structured in ways that favor particular interests over others. The recognition that differences intersect and worsen inequality has gained prominence, making equality and difference complementary dimensions in moral struggles and policies aimed at reducing inequality.

In short, categorical and intersecting differences pose significant obstacles to achieving equality. The awareness of these obstacles has sparked academic and policy debates, expanding the scope of analytical choices to frame inequality. One such inspiring alternative is offered by Therborn (2013). Based upon Sen and Nussbaum's notion of human capability, Therborn distinguishes between vital, existential, and resource inequality. In his words, vital inequality refers to socially constructed unequal life chances of human beings. Existential inequality encompasses unequal allocation of personhood, as he points out, impairing one's "autonomy, dignity, degrees of freedom, and rights to respect and self-development." Finally, resource inequality responds to the unequal distribution of material resources to act (Therborn 2013, 49).

Taking into account the variety of focus mentioned above, in the following section we proceed to analyze Latin America by seeking to operationalize Therborn's three types of inequality and explore how they have evolved in the last decades. First, we compare Latin America's progress and distribution patterns to other continents. Then we point to some relevant variations among countries of the region, inquiring if there are persistent trends toward the reduction of multidimensional inequalities and how they relate to the entangled notion of progress. Finally, we briefly take Brazil as a showcase to highlight how national patterns of income and wealth distribution can remain highly concentrated despite short-term redistributive gains of policies enforced by progressive governments. Singling out the Brazilian experience helps to throw light on the broader scenario observed in

Latin America during the early 2000s, the so-called pink wave, when the subregion experienced a reduction in inequality indexes, which soon reverted as the political and economic winds changed.

In any case, given the pendular movement across the ideological spectrum that has characterized Latin America, identifying dimensions of inequality may offer an opportunity to observe if the continuous shift between left- and right-wing orientation in growth and redistributive policies has been translated into advances or setbacks in other than material dimensions of inequality.

The distribution puzzle

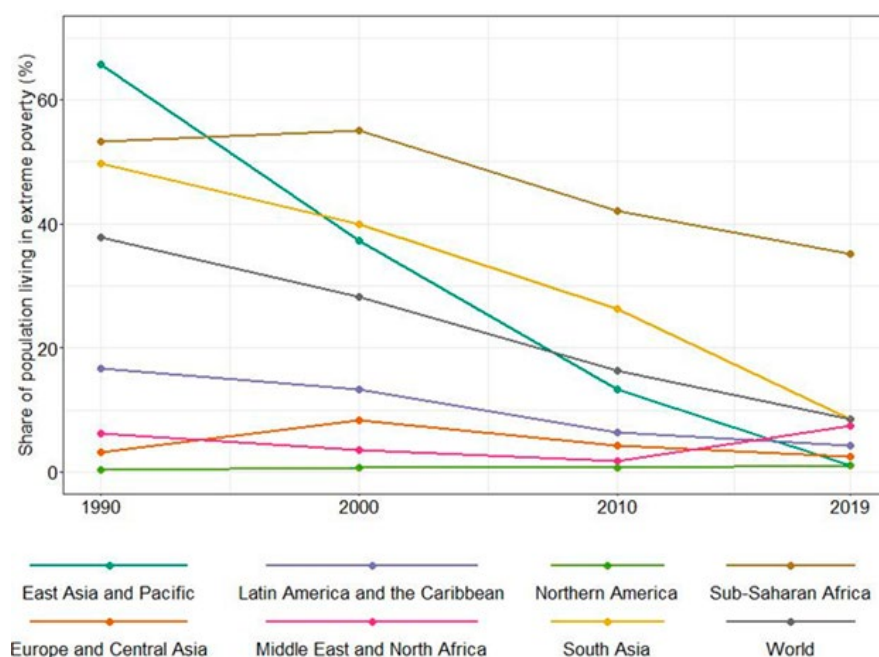
Looking at the evolution of social distribution, three relevant factors are: (i) how distant is our comparative past; (ii) what dimension of inequality we are looking at (economic, political, gender, etc.), and; (iii) what geographic areas are under comparison (intranational or international, for example). Depending on which of these aspects we select, an analysis of 50 years can portray different images and interpretations of how things evolved. For example, inequality in the appropriation of world income (let us say, a global Gini) suggests that inequality between nations has been declining since the 1980s – largely due to the rise of China – more so than intranational inequality (Milanovic 2023). In the same period, inequality increased sharply in Europe and the US, while Latin American countries show an improvement, considering the decline in the Gini index from .53 in 2001 to .46 in 2014, but stagnate between 2014 and 2018 (UNDP 2021). Meanwhile, if we look specifically at access to citizenship rights, Latin America shows clear progress in the period.

We use datasets from five different sources to map how inequality has evolved in Latin American countries compared to other world regions in the last decades. Building upon Therborn's (2013) typology of inequalities, we selected a set of five indicators aggregated to the world region and country levels (Table 1).

Table 1. Dimensions, indicators, and data sources

Dimension	Indicator	Source
Vital inequality	Infant mortality rate	United Nations – Population Division (2022)
Resource inequality	Top 1% pre-tax share of national income	World Inequality Database (2023)
	Number of people living in extreme poverty	World Bank (2023)
	Average years of schooling of the adult population aged 25 or over	Lee-Lee (2016); Barro-Lee (2018) and UNDP HDR (2018)
Existential inequality	Gender Inequality Index	UNDP, Human Development Report (2021–22)

Source: Authors' elaboration.

Figure 1. Percentage of people living in extreme poverty – world regions, 1990–2019

Source: World Bank (2023).

The period covering the beginning of the 21st century reveals two trends in global inequality: first, the end of the era marked by the highest levels of global inequality among nations since the Industrial Revolution, with a vertiginous fall in global inequality driven mainly by the rise of Asia, particularly China (Milanovic 2023); and second, a growing intranational *wealth* inequality. The analysis of different dimensions

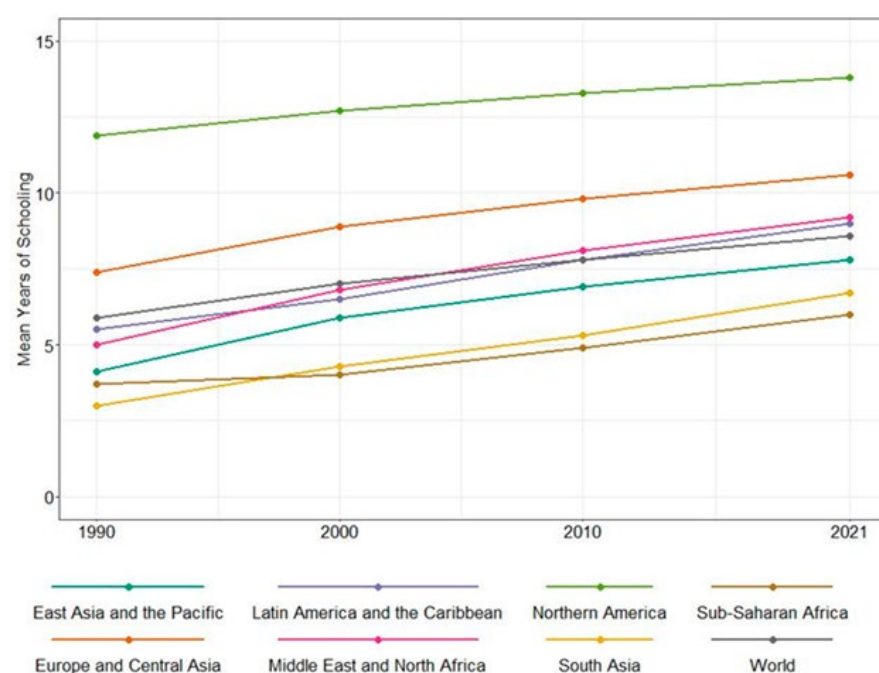
of inequality allows us to understand in what sense we can extend the interpretation of the “great convergence” beyond global income inequality and, in particular, to intra-regional analyses. The first step involves looking at Latin America in this period compared to other world regions.

A- Resource inequality

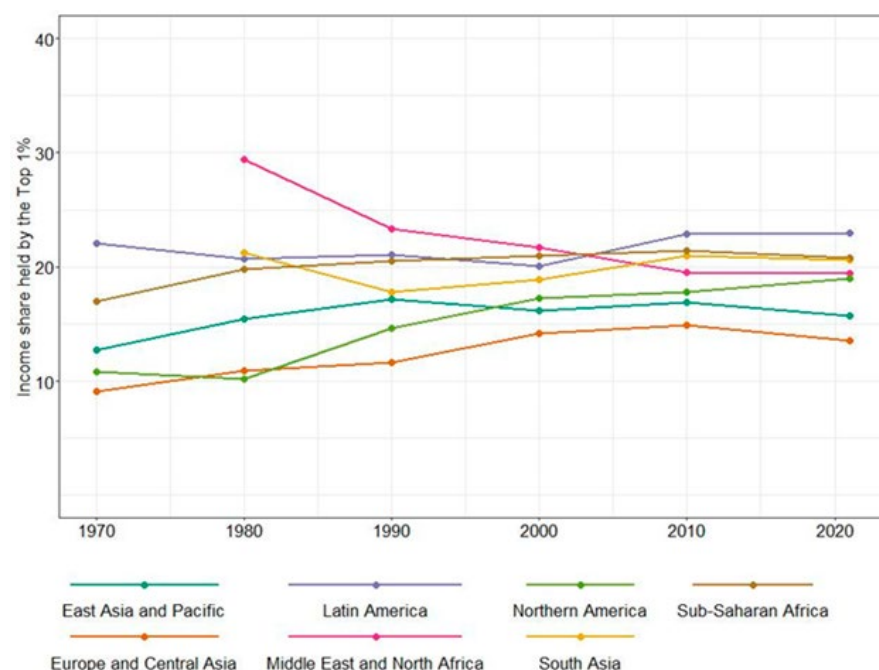
Extreme poverty has fallen substantially over the last 30 years in all regions to levels below 10% of the population in 2019, except for sub-Saharan Africa (35.1%) (Figure 1). The East Asia and Pacific region, led by China, showed the greatest reductions in poverty in all decades, with percentages declining consistently over the period (4.34, 6.42, and 10.2 per year in the three decades, respectively). As a reflection of the gains of the Indian economy in recent decades, South Asia had the second largest relative reduction in the 2010s (67.5%), although it still has the second highest percentage among regions (8.5%) (World Bank 2022).

In Latin America, the trajectory of extreme deprivation reflects the combination of cultural, social, and demographic changes observed in recent decades, and the implementation of public policies aimed at combating poverty. Thus, it is worth observing the reduction in mortality and fertility rates, the increase in life expectancy at birth, the massive entry of women into the labor force, especially among the less well educated, and the expansion of citizenship for Latin American women (Arriagada 2006). Moreover, the broad redistributive programs implemented mainly at the turn of the century in several Latin American countries, such as Bolivia, Brazil, and Mexico, have left their mark: extreme poverty fell at a rate of 5.1% per year in the '00s, just below that of the East Asia and Pacific region as shown in Figure 1.

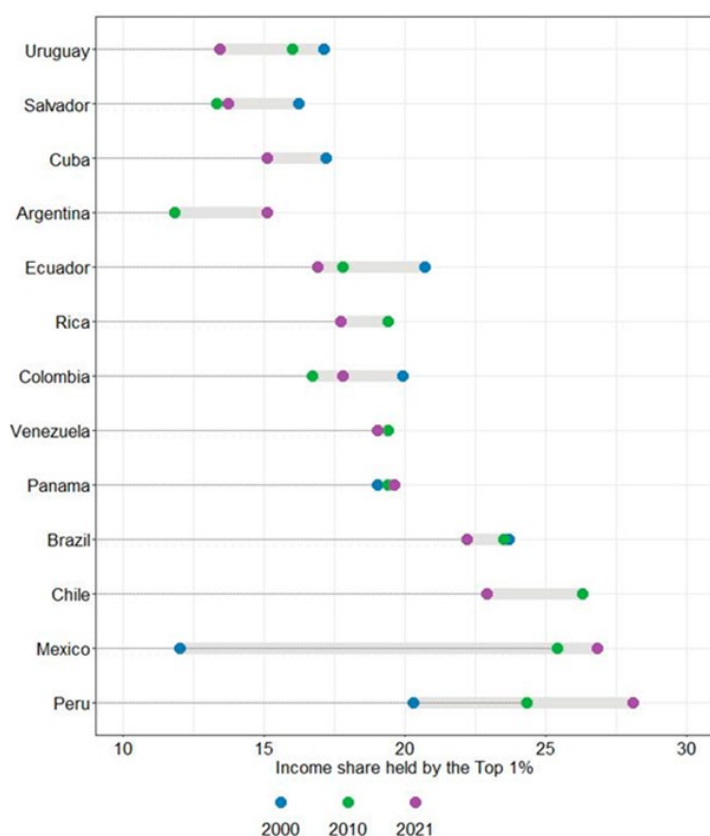
Across the world, large inter-regional disparities persist in schooling indicators, despite massive advances in the expansion of

Figure 2. Average years of schooling of the adult population aged 25 or over – world regions, 1990–2021

Source: Lee-Lee (2016); Barro-Lee (2018) and UNDP HDR (2018).

Figure 3. Top 1% pre-tax share of national income – world regions, 1990–2021

Source: World Inequality Database (2023).

Figure 4. Top 1% pre-tax share of national income – Latin America and the Caribbean, 2000–2021

Source: World Inequality Database (2023).

education systems in middle- and low-income regions (Figure 2). The first notable pattern is the huge gap that still separates North America from other regions, including Europe and Central Asia, while the gap between the extremes has fallen across the board (12.4%). On average, a North American child stays in school twice as long as children living in South Asia or sub-Saharan Africa. Unlike what we observed regarding extreme poverty, the 1990s was the decade that registered the greatest increase in average schooling in the regions of East Asia and the Pacific (43.2%) and South Asia (43.3%). So how did Latin America fare in this picture?

Although the Latin America and Caribbean (LAC) region showed a substantial increase in average schooling of the adult population in the 2000s and 2010s – with the highest absolute growth in the 2000s (1.3 years) and the second highest in the 2010s (1.2) (Figure 2) – the educational attainment and skill level of its population remain low by international standards (OECD 2020). Its educational system continues to show quite high inequality of opportunities, especially in higher educational transitions. Across the region, standardized assessments of youth and adults, such as the OECD's PISA and Survey of Adult Skills (PIAAC), show average scores substantially below the levels for OECD countries, as well as for other emerging economies (OECD 2020).

The picture looks somewhat more confusing when we analyze income concentration at the top 1% of earners in each world region (Figure 3). We can discern two patterns behind the disparate trajectories: first, all regions have had ups and downs in the level of income concentration over the past half-century, with two exceptions – the Middle East and North Africa, which have presented steady decreases in concentration (with the cautionary note of the lack of public data for 1970), and Northern America, whose income became progressively more concentrated; second, in only two regions, the Middle East and North Africa and South Asia, the top 1% of earners ended the period concentrating less income than when it started. Although Latin American countries were somewhat successful in reducing income concentration until the 1990s, the region underwent a major trend

reversal in the first decade of the 21st century, showing the highest income concentration among all regions at the end of the period.

The deterioration of income distribution in both emerging and developed economies, especially after the 2008 financial crisis, has been extensively documented in the literature (OECD 2015; Piketty, Saez, and Zucman 2018; Cavalcante 2020). However, the LAC region stands out as the only one that did not experience the slight decline in income concentration observed worldwide.

Despite the pendular movement of income concentration at the top observed in Latin America, there is remarkable intra-regional heterogeneity in its patterns of change, as well as with respect to the current levels of concentration (Figure 4). It is possible to group Latin American countries into three large groups: (i) countries with a decreasing concentration level or close to the lowest level found in other regions (Uruguay, El Salvador, Cuba and Argentina); (ii) countries that followed divergent trajectories over time and that are below the regional average (Ecuador, Costa Rica, Colombia, Venezuela, and Panama); and (iii) countries with a concentration level higher than the regional average or which have shown a large increase in recent decades (Brazil, Chile, Mexico, and Peru).

B- Vital inequality

In addition to the components of resource inequality, it is important to consider vital inequality elements which are central to understanding changes in the living conditions of families such as, for example, infant mortality rates. There has been a significant reduction in infant mortality rates since the 1990s in nearly all Latin American countries, although its magnitude varies between them (Figure 5). As discussed by Reis and Lopez (2021), the average reduction was greater in South American countries than in Central America and the Caribbean. Of the 10 countries with the greatest relative decreases in infant mortality, 6 were in the first subcontinent (Peru, Bolivia, Brazil, Ecuador, Uruguay, Argentina, in descending order). The cases of Peru, Bolivia, and Guatemala stand out: from the highest infant mortality rates in 1990, when they paired levels they only observed in sub-Saharan Africa, the three countries experienced the first, third, and eleventh largest reductions, respectively – among them, only Peru has a current rate (1.0) lower than the regional average (1.47).

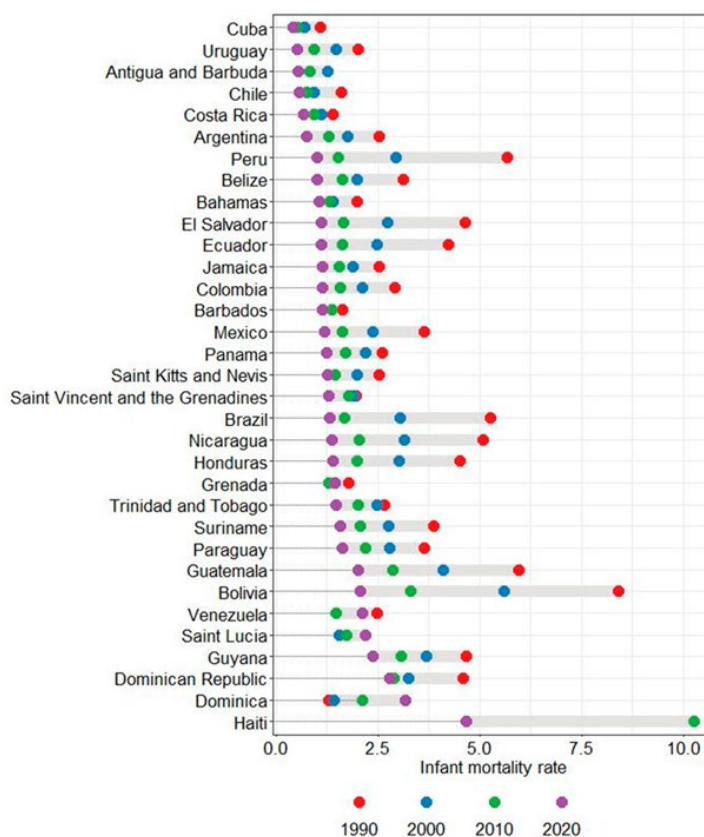
Although Latin America currently presents the fourth lowest infant mortality rate of the world's regions, we can still find countries

with rates close to or above the worst regional averages (South Asia, 2.74, and sub-Saharan Africa, 4.79): Saint Lucia (2.2), Guyana (2.38), Dominican Republic (2.79), Dominica (3.17), and Haiti (4.67). At the other end of the scale, only four countries in the region show rates that place them among the best-positioned world regions (Northern America, 0.51, and Europe and Central Asia, 0.59): Chile (0.58), Antigua and Barbuda (0.54), Uruguay (0.53), and Cuba (0.41).

C- Existential inequality

The trajectory of existential equality indicators shows a more limited inter- and intra-regional convergence, or else an increase in inequalities between countries (Reis and Lopez 2021). Among other available indicators, those related to gender allow us to understand part of the dynamics that more directly impacts the living conditions of families, such as gender-based disadvantage in reproductive health, empowerment, and labor market conditions. These dimensions are taken into account in the Gender Inequality Index (GII), developed by the United Nations Development Programme (UNDP), which is shown in Figure 6. The index ranges from 0, where women and men fare equally, to 1, where one gender fares as poorly as possible in all measured dimensions.

Figure 5. Infant mortality rate – Latin America and the Caribbean (1990–2020)



Source: United Nations – Population Division (2022).

Although the Latin America and Caribbean region has become more gender-equal, we only observe a limited improvement and increased intra-regional inequality. Since 1990, the index has improved by 23.3%, with equality growth greater only than the sub-Saharan African average for the period. Differently from what we found for infant mortality rates, there is no clear lead for South American countries in terms of decline in gender inequality: among the ten most significant gender inequality reductions, six took place in Central America and the Caribbean. But other LAC societies have had some success in reducing gender inequality, including Chile (63.5%, the largest reduction in the region), Uruguay (45.7%, the third largest) and Ecuador (40.7%, the fourth largest). On the other hand, despite the generalized, yet limited, reduction of gender inequality in the region, intra-regional inequality in this indicator increased over the period ($SD = 0.068$ in 1990; $SD = 0.0891$ in 2021), with a group of countries showing values around or above the regional average of two decades ago (0.48): Honduras, Guatemala, Guyana, Paraguay, Venezuela, Haiti.

Wealth concentration, inequality, and social cohesion

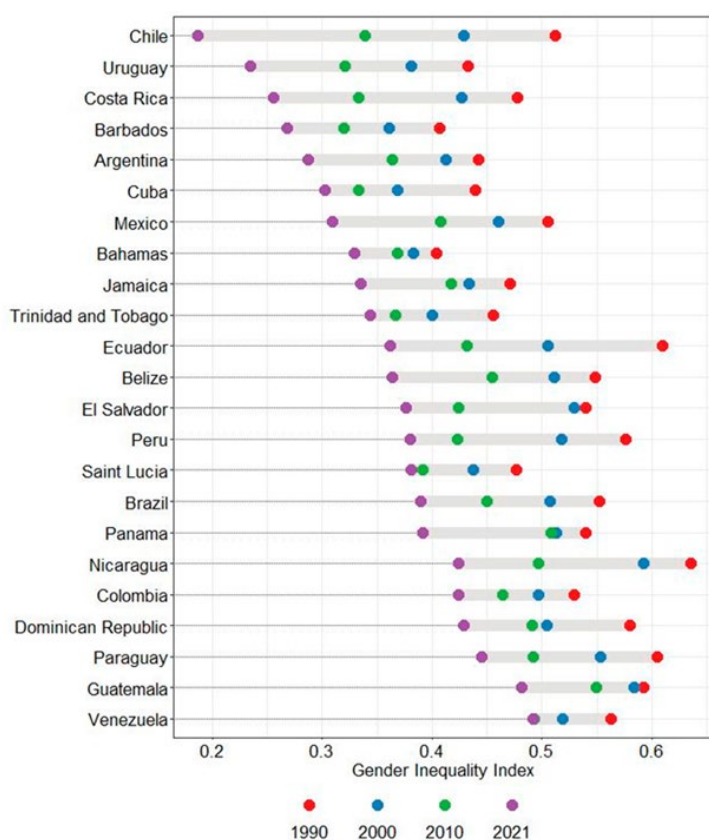
The evidence above shows progress toward vital, existential, and material equality in most Latin American countries. However, as observed in other parts of the world, unprecedented material progress and poverty reduction did not translate into lower vital, existential, or material inequality levels, as the share of the poorer remains persistently much lower (Chancel et al. 2022).

The general picture that emerges from the Latin American region shows great intranational dissonance between expanding material prosperity and skewed distribution of the gains observed across social segments. For example, the national income appropriated by the top 1% of the population in the region rose from 19.9% to 23.4% from 1995 to 2021 (WID 2023).

There is also a clear upward trend of growing intranational wealth inequality from the beginning of the 2000s when pro-redistribution governments took over the region during the so-called Latin America electoral pink wave. The same period shows stability in the high concentration of wealth among the 10% most prosperous, who consistently held 77% of the national wealth in the same period of more than 25 years. True, there were variations in the region – for example, 57% in Ecuador and 80% in Brazil – but what continues to mark the region is its place in the group of countries with high concentration.

Brazil's case dramatically illustrates material inequality. It also reveals how differences in capturing inequality trends depend on the measures and sources adopted. Frequently, such differences translate into divergent interpretations among specialists. Take the Gini index: World Bank data point to a consistent reduction in income inequality in the country from 1999 to 2015, a period in which the index improved from .59 to .52. Much of this change is associated with the redistributive policies of the Workers' Party governments from 2003 to 2015. This positive trend in 15 years does not hold if we take into account a different measure of inequality. Thus, data on wealth from the World Inequality Database (Chancel et al. 2022; Blanchet et al. 2022) show that, as of 2021, in Brazil, the richest 1% hold 49% of the total wealth while the net wealth is negative among the poorest 50%. Furthermore, from 1995 to 2021, the net personal wealth of the top 1% rose from 41% to 49% (Chancel et al. 2022, 185–86). From this same source, a broader measure including capital income shows that, in 2015, the income of the rich-

Figure 6. Gender Inequality Index – Latin America and the Caribbean (1990–2021)



Source: UNDP, Human Development Report (2021–22)

est 10% was 29 times that of the poorest 50%. The top 1% of the Brazilian population held 28% of the national income, the top 0.01% (14,300 adults) held 7.5%, and the top 0.001% (1,430 adults), 4% (WID 2019, 140).

By acute inequality we mean a severe and pronounced level of inequality between individuals or groups, a situation in which there is a significant and often alarming imbalance in access to resources, opportunities, wealth, power, or social status. By using this term, we emphasize the importance of addressing and rectifying the imbalance in order to achieve fairness, justice, and equity, but also the difference between absolute and relative measures of well-being.

We have not so far mentioned one of the relevant implications of acute inequalities: the declining levels of social cohesion around the world, including in Latin America (Green, Janmaat, and Cheng 2011). Even though the causal direction between social cohesion and inequalities is controversial (Hooghe 2003; Nannestad 2008), available evidence shows a strong association between them (Wilkinson and Pickett 2015; Beauvais and Jenson 2002).

On top of intersecting with the unequal distribution of non-material resources, the wide material gap between rich and poor impairs the establishment of more cohesive and cooperative societies. Acute inequality undermines trust and solidarity as feelings of relative deprivation foster a sense of unfairness and injustice eroding the invisible bonds that hold a society together (Jenson 1998; Green, Janmaat, and Cheng 2011). Moreover, affluent people's capacity or willingness to relate to situations, feelings, and behaviors of the less well-off is compromised as they grow further removed from the uncertainties of everyday life. Being limited in their social imagination by the great social distance that separates them from the poor fosters a worldview that justifies great disparities in access to resources, quality of life, and opportunity (Edmiston 2018).

Cohesion is also affected because the richest part of the population tends to look for private arrangements such as gated communities and private security guards, moving away from the commitment to public life arrangements that promote the coexistence of diverse groups without reciprocal menaces. As a consequence, the quality of public services tends to decline, and the poorest groups are marginalized (Caldeira 2000; Lang and Danielsen 2010). In short, acute inequalities negatively affect the degree of interpersonal trust, civic participation, and the sense of belonging and solidarity that characterizes a collectivity (Sage 2013; Uslaner 2002). These observations justify why reducing income disparities and increasing interpersonal trust and confidence in political institutions

must be conceived as part and parcel of a common challenge. Trust fosters social cohesion and therefore reduces transaction costs.

Persistent low and even declining levels of social trust throughout Latin America suggest that the cement of society is fragile in the area. The magnitude of social exclusion prevents cooperation, making groups and classes disregard the basic necessities of their co-citizens.

Despite improvements in reducing inequality in politics and civil liberties that we have seen over the last 50 years, including a rebalancing of the law in favor of non-owners (Piketty 2023), the gap remains wide, maintained by intersecting factors. The extensive literature on the interaction between economic and political inequality offers solid evidence on the weaving of the political economy of inequality (Cole 2018; Page, Bartels, and Seawright 2013). Inequalities undermine democratic legitimacy by reducing citizens' confidence that the richest will not exert unequal influence on the most important political decisions (Diamond 1999). Moreover, the implications of extreme income inequality might be aggravated if the elite that holds most of the wealth has diverging political views and preferences from the majority, particularly with regard to redistribution. The growing political polarization around the world has been linked to social divisions resulting from inequalities (Varieties of Democracy Database 2022).

Yet, possible answers to such a pressing challenge are not easy to implement, as the very divisiveness to be overcome poses dilemmatic choices. How to find ways to broaden cohesion without reducing individual freedom? How to secure diversity and at the same time promote equity? These dramatic questions are coupled with no less perplexing issues: How can we rebalance the quest for greater material prosperity without aggravating the already serious planetary environmental threat humans have created? And how to avoid greater prosperity merely reinforcing the already overwhelming concentration of wealth and political power in the hands of a few people and corporations?

By-products of the blending of high social inequality and exclusion, and low levels of interpersonal and institutional trust directly affect governments' capacity to gather social support for policies to tackle wealth concentration. The collective belief that each group in society will accomplish its part – for example, by paying taxes – derives from a “conditional assent” that the government will do its part by properly implementing the public resources collected and other citizens will also fulfill their obligations (Rothstein 2005). These obligations include refraining from adopting means to circumvent tax authorities. The evidence we found in our empirical studies in Brazil (Reis and Lo-

pez 2023a; Reis and Lopez 2023b), be it researching perceptions of elites or inquiring about degrees of interpersonal and institutional trust of the national population, illustrates to some extent the catch-22 that besieges Latin America.

Summing up, the difficult challenge to surmount is to move from a non-cooperative to a cooperative equilibrium. Even when citizens recognize that cooperation and redistribution would result in gains for all, this is not enough to generate compliance with socially virtuous practices. Actual levels of collective trust and of corruption underlie much of the variation in the functioning of the various welfare systems (Kumlin and Rothstein 2005; Rothstein 2005, 2018). While empirical evidence on that subject has been mostly restricted to advanced welfare systems, it offers an important lesson for Latin America to harness different elites and wider segments of society to support redistribution through public policies. Quoting Rothstein (2005, 9):

It seems utterly unreasonable to think that it would have been possible to shape public opinion in favor of transferring such large economic resources to various public welfare administrations if the people had strongly believed that

those administrations were corrupt and/or engaged in the systematic abuse of power. It seems equally unlikely that it would have been possible to create these comprehensible social insurance systems if citizens were convinced that most other citizens abused or cheated the taxation or distribution systems.

Latin America's challenge of overcoming inequality is the same as that faced by all non-rich countries: broadening cooperation is required to solve collective problems. Yet how can this goal be achieved if it only appears where this "social trap" does not exist? Making individual strategic behavior prone to cooperation, including with public authorities, requires changing the way citizens perceive public agents, bureaucracies, and the State. To secure this change requires the more equitable and efficient provision of policies to the public, which also demands a general perception of the fair functioning and behavior of State agencies and agents – like the civil servants – as well as wider deliberative openness for society to participate in shaping public policies. And there is no way to advance this path without combining improved aggregate levels of material well-being with reduced levels of inequalities between classes and social groups.

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Concentration of wealth and income in post-pandemic Latin America: Measurement, results, and perspective

Germán Alarco

High inequality of wealth and income (or its concentration) is nowadays an international concern, although in many Latin American countries the only concern is to reduce poverty due to a vision associated with the trickle-down economy (Roberts 2022). From the neoliberal perspective and from that of the groups of economic power, the problem of high inequality is not very relevant. Even for the World Economic Forum (2019), which brings together the world's great business and political leaders, high inequality was pointed to as one of the main trends and risks in the world economy. Increasing wealth and income disparities share priority with climate change, population aging, water crisis, and the increasing polarization of societies that contributes to deep social instability. In the wake of the Covid-19 pandemic, Roubini (2020) raised the possibility of a new lost decade until 2030. As evidenced, among others, by the articles in this dossier, the impacts of concentration and high inequality cover the economic, social, and political spheres in the short, medium, and long terms.

This article examines the difficulties of measuring inequality in Latin America, explores the different sources available, and places the depth of the problem in a comparative perspective. To this end, the paper is organized in four sections. The first considers the problems of measuring wealth, income, and high in-

equality at a global level, but especially in Latin America, where it is underestimated. The second section refers to the distributive situation, inequalities, and the concentration of wealth before the Covid-19 pandemic. The third shows the preliminary results generated by the pandemic with information available for 2020, 2021, and 2022 globally and in Latin America, and especially Peru. Finally, in the fourth section, some hypotheses are proposed as to what could happen with the concentration of wealth and high inequality at global level, but especially in Latin America and Peru. Indeed, it is a complex and vast reality, where there are many common elements, particularities, and national policies to consider.

Wealth measurement problems and economic inequalities

The analysis of the distribution and concentration of wealth, particularly the ownership of the means of production or productive wealth, is a key factor in explaining the functional distribution of income between capital and labor. Wealth is defined here as the total productive and financial assets owned by physical or natural persons in any economy, especially among the wealthier members of society. Likewise, when it comes to net wealth, debts or liabilities are deducted. The personal distribution of income is in turn conditioned by the chain of previous elements affected by a set of structural and economic (national and international), social, political, institutional, family, and personal factors (Alarco, Castillo, and Leiva 2019).

The task of ordering, systematizing, and analyzing statistical information on the distribution of wealth, the functional distribution of income, and the personal distribution of income is not easy, being more complex in the economies of Latin America and in Peru. In our region there are problems of non-existence and lack of continuity of the statistical series. These are issues that do not have due importance either from the perspective of the authorities or the power groups, who have exclusively diverted the discussion to addressing poverty. The status of statistical information on these three spheres of distribution is dissimilar. Currently, there is no official data on the distribution of wealth in all of Latin America, so the information comes from independent sources such as Allianz, Credit Suisse, Forbes, Fortune, and Knight Frank. All these sources are informative and built with various methodologies to determine potential clients for different international investment banks.

In the case of the factorial or functional distribution of income between earnings (capital income or

profits), wages and salaries, and mixed income, the basic source is the National Accounts of the different countries, which are compiled based on the United Nations methodology. However, the problem is the successive changes in the base years of the data that sometimes modify the measurement criteria. Likewise, in some countries and periods, earnings are grouped with mixed income (OECD 2023). For example, in the case of Peru, the information was provided by the Central Reserve Bank of Peru until the 1980s. However, this role was then assumed by the National Institute of Statistics and Informatics (INEI), which integrated the information into two concepts: wages and salaries, and operating surplus. It was not until 2007 that INEI included the two previous concepts as well, separating mixed income, which considers self-employed workers in urban and rural areas.

Meanwhile, information for estimating personal income inequality (generally presented in deciles, quintiles, or percentiles) and measured in terms of the Gini indicator is sourced through household surveys in different countries. For example, in the case of Peru, it is the National Household Survey (ENAH) developed by INEI, whose official continuous series begins in 1997. However, like most surveys of this type applied in underdeveloped economies, there is a serious relative problem: they do not capture properly the income of the middle and upper sectors of society.

We have discovered with an analysis of the microdata that the richest family in Peru in 2015 lived in the San Martín region with an annual income of around US\$350,000, and anecdotally in a house with a cement floor. This family probably receives 1,000 times less than the income of the really richest billionaire families in the country, which is why other sources must be used. Castillo (2020) has estimated the differences between the personal disposable income of the INEI National Accounts for recent years with respect to the extrapolated income or the sample of households of the ENAH considering the expansion factor of each household adjusted by other variables. Between 2014 and 2018 the omitted gap is significant and growing: 36.5%, 38.4%, 38.1%, 40.9%, and 41.4%, respectively. We have recently determined that the underestimates of the household surveys extrapolated to the entire population in Chile, Colombia, and Mexico also fluctuate between 40% and 45% of the national income of the National Accounts. However, it should be noted

that there are methodologies to estimate and correct these anomalies. After these corrections, the levels of inequality obtained are higher than those determined by official sources.

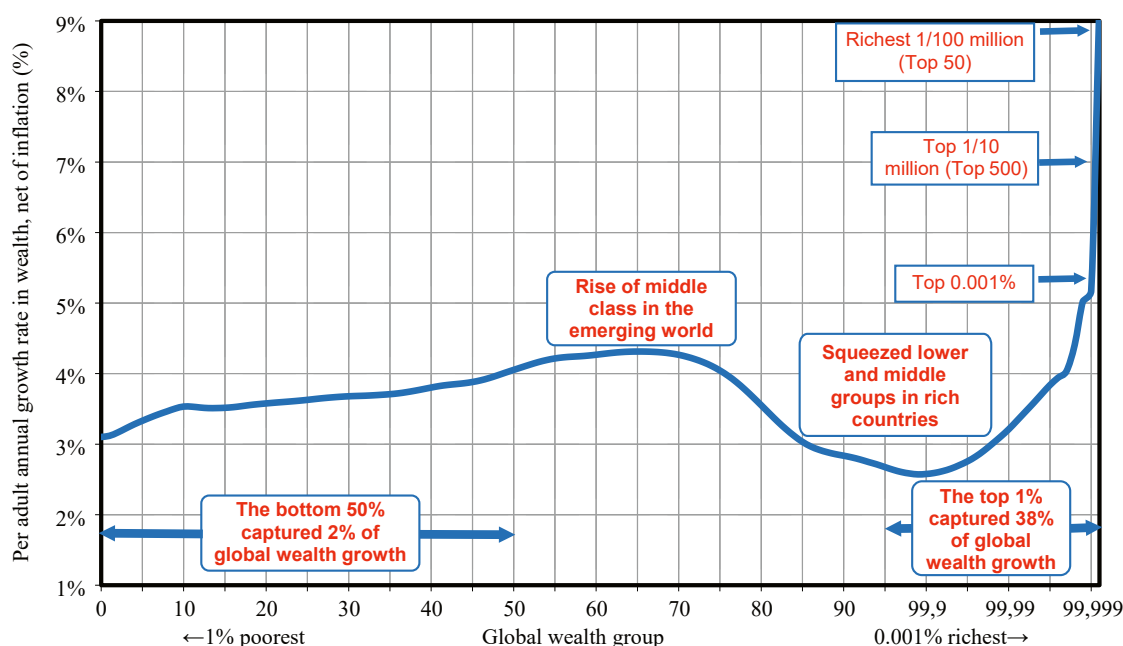
Inequality and concentration in the pre-pandemic era

There is debate, but also consensus on the evolution of global inequality and within the different economies of the world. The variety of existing concepts and indicators makes agreement more complex: it all depends on what and how you want to measure. Bourguignon (2017) and Milanovic (2017) state that there has been an upward trend in concentration of wealth and income globally since the 19th century, with a slowdown and fall between the decades of the 1950s and 1970s, after which the growth trend continues. However,

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more recently, Milanovic (2023) uses the Gini coefficients of the different countries of the world to point out that the story of inequality in the 21st century is the reverse: the world is becoming more equal than it was for more than 100 years. The decline is in his view driven by the rise of Asia, particularly China. According to Milanovic, China made a massive contribution to reducing global inequality for reasons including that its economy started from a low base and was therefore able to grow at a spectacular rate for two generations, and by virtue of the country population. Similarly, India, the world's most populous country, could play a similar role to China's in the past 20 years. If more Indian people get richer in the coming decades, they will help reduce overall global inequality.

With the exception of what Milanovic (2023) describes has happened since the 1990s due to the

Figure 1. Average annual wealth growth rate, 1995–2021

Interpretation: Growth rates among the poorest half of the population were between 3% and 4% per year, between 1995 and 2021. Since this group started from very low wealth levels, its absolute levels of growth remained very low. The poorest half of the world population only captured 2.3% of overall wealth growth since 1995. The top 1% benefited from high growth rates (3% to 9% per year). This group captured 38% of total wealth growth between 1995 and 2021. Net household wealth is equal to the sum of financial assets (e.g. equity or bonds) and non-financial assets (e.g. housing or land) owned by individuals, net of their debts. Sources and series: wir2022.wid.world/methodology.

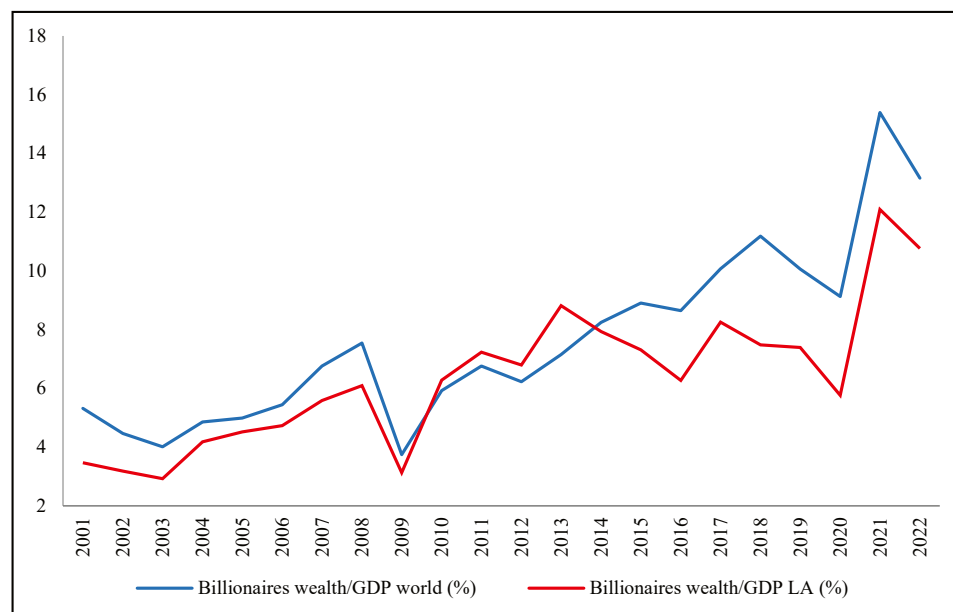
Source: World Inequality Database (WID.world)

greater growth of emerging economies and their middle classes, it is clear that the functional distribution of income in favor of profits become more important with respect to the share of wages from the 1980s onwards. The same occurred in favor of the richest 10% or 1% of the population (Piketty and Saez 2003; Piketty 2014; Deaton 2015). In this regard, two major stages can be clearly distinguished in the capitalism of the 20th century (Boyer 2007). The golden phase or the Fordist model, from the end of the Second World War to the end of the 1970s, sought a balance between the income that is distributed in favor of capital and labor and had among the central drivers improvement in the purchasing power of workers, higher levels of consumption, and synergies that were generated in productivity, investment, demand, and economic growth. The neoliberal phase, which clearly begins in the 1980s and is based on profits, the preeminence of the free market, the greater participation of the private sector, finance, and consumer credit, was accompanied by an increasing share of the profit in the product.

Latin America shares a similar trajectory, although the phase change came in the 1990s. The factor distribution of income shows a sinusoidal trajectory in relation to the share of wages and profits (Alarco 2017), in which the peak of the share of wages was ob-

tained simultaneously with the golden age of capitalism (1960s), despite national peculiarities. It should not be forgotten that the region has moved from a model of economic growth oriented towards the internal market and industrialization directed by the state to one linked to the exterior and led by the market. The start-up processes, specific orientation, consolidation, and critical periods were particular to each economy in the region, although there are many common elements and milestones. The weight of the different internal and external factors that triggered these processes was not homogeneous either. In the same way, the new modality of economic growth has gone through different stages with greater or lesser progress in the different economic variables and social indicators. In this process of outward orientation, some economies have intensified manufacturing exports, others extractive products from the mining and hydrocarbons sector, and still others a mixture with greater or lesser technological and value-added content.

The other way of measuring how inequality has developed is that of the group of researchers operating the world wealth and income database WID.world (www.wid.world), which looks at the percentage of income obtained by each stratum of the population to

Figure 2. Net wealth total value with respect to world and Latin American GDP 2001–2022 (%)

Source: Own elaboration based on Forbes (2022) and World Bank (2022).

give a clearer picture of the distances between the richest and the poorest. Precisely with this methodology, Chancel et al. (2021) remind us that global wealth inequalities are more pronounced than income inequalities. The poorest half of the world's population owns barely 2% of total wealth; in contrast, the richest 10% owns 76% of all wealth. Piketty (2019) designed the so-called elephant curve to show what has happened to global income inequality from the lowest to the highest strata in the world between 1980 and 2018. In this case, it was found that inequalities have decreased between the bottom and the middle of the distribution, while they have increased between the middle and upper part. More recently, Chancel et al. (2021) have presented the evolution of this curve for global wealth between 1995 and 2021, which is shown in Figure 1. The rise in private wealth has also been uneven within countries and globally. Global billionaires have captured a disproportionate share of global wealth growth over the past few decades: the top 1% took 38% of all additional wealth accumulated since the mid-1990s, while the bottom 50% captured only 2%.

According to WID.world, the wealth of the world's richest people has grown between 6% and 9% per year since 1995, while average wealth has increased by 3.2% per year. Since 1995, the share of world wealth owned by the richest 0.01% has grown from 7% to 11%. The share of wealth held by billionaires increased during the Covid-19 pandemic; in fact, 2020 marked the steepest rise on record in billionaires' share of the world's wealth.

Latin American super-rich

The number of super-rich reported by Forbes (2001–2022), who have a fortune of more than US\$1,000 million, grows over time both in our region of Latin America and in the World, according to Figure 2. Between 2000 and 2021, the number increased three times from an equivalent of 5.4% to 15.4% of world product. Only in the 2008/2009 international financial crisis was there a slight overall drop, although it continued to grow in Latin America. In the time of the Covid-19 pandemic, the fortunes of these billionaires also grew. In 2000 there were only 538 super-rich people globally, while in March 2021 there were 2,755. Between 2019 and 2021 alone, the number of billionaires grew from 2,095 to 2,755 (an increase of 31.5%). Likewise, their wealth value rose from an equivalent of 9.1% in 2019 to 15.4% of world GDP in 2021, at a time when world production and income had decreased 4% in 2020. Likewise, we must not forget that along with poverty, unemployment and job insecurity increased in all parts of the world.

According to Forbes (2022), Latin America was not left behind. With the pandemic, the number of super-rich billionaires increased from 72 to 104, with wealth as of March 2021 of US\$446.6 billion, equivalent to 12.3% of regional GDP compared to 5.8% in 2019. The economy with the largest number of billionaires is Brazil, followed by Mexico, Chile, Peru, Argentina, Colombia, and Venezuela. In Chile, Brazil, and Mexico,

the super-rich have a greater presence than in other economies in the region, with proportions equivalent to 16.9%, 14.7%, and 12.7% of their respective GDP.

Brazil had 65 billionaires, Mexico 13, and Chile 9. Peru then follows on the list with 6; Argentina and Colombia with 5, and finally Venezuela with one. The richest man in the region is the Mexican Carlos Slim, with a fortune of US\$62.8 billion from telecommunications and other sectors. He is followed by the Chilean Iris Fontbona with US\$23,300 million from mining, and four Brazilian families – Lehman, Saverin, Herman, and Moll Filho – with US\$16.9 billion, US\$14.6 billion, US\$11.5 billion, and US\$11.3 billion, respectively. The Colombian Luis Carlos Sarmiento closes this short list with US\$11,000 million.

According to Credit Suisse (2011–2017), people with wealth greater than US\$100 million have become the fastest growing group, followed by those with a net worth between US\$50 and 100 million. On the other hand, the situation of the set of economies analyzed is stationary between those with US\$5 and 50 million; while the number of millionaires between US\$1 and 5 million has decreased in Argentina, Brazil, Colombia, and Mexico due to the lower market value of their net worth. Wealth has concentrated among the richest of the rich. Only in Chile and Peru is there significant growth in the number of millionaires in the range between US\$1 and 5 million.

The only economies where the number of adults with net worth between US\$100,000 and 1 million has increased are Bolivia, Ecuador, El Salvador, Nicaragua, Paraguay, and Peru. In the subregional average of Argentina, Brazil, Chile, and Colombia, the richest 1% have 42% of the total wealth and the top 10% have 71.2%. With these results, Latin America is located at an intermediate level above Europe and Asia-Pacific and slightly above North America. However, Latin America has a lower concentration in the richest percentile than India, Africa, and China.

The economies with the highest levels of concentration of wealth in our region are Brazil, Peru, and Chile, while those with the lowest level of concentration are Uruguay, El Salvador, Costa Rica, Ecuador, Colombia, Panama, and Nicaragua. At an intermediate level are Argentina, Bolivia, Mexico, and Paraguay. Clear increasing trends are observed in the series for Brazil and Chile. There is a growing but fluctuating trend in Argentina and Peru. In the rest of the economies, such as Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, Panama, Paraguay, and Uruguay, greater variability is observed. In the weighted average of the different economies of the region, a clear upward trend is observed. So far in the 21st century, the concentration of wealth shows a growing trend, as it does globally.

It is useful to compare the information on concentration levels in Latin America with respect to other regions and the world average. For this purpose, the regional information processed by Credit Suisse (in terms of the Gini indicator) is used. In 2010, the highest levels of concentration were found in the Asia-Pacific region followed by Africa. China and Latin America were among the regions with lower levels of concentration than the rest of the regions. As of 2016, the highest levels of concentration in the world are in the Asia-Pacific region, followed by Africa, India, North America, and Europe. In general, almost all regions have increasing levels of concentration in the last decade. According to that source of information, it is no great consolation that Latin America is not the region with the highest levels of concentration of wealth in the world, since the concentration coefficients (Gini) are extremely high, which would condition a functional distribution of income in favor of benefits and a high concentration on the personal distribution of income for the wealthiest families. In addition, the redistributive role of fiscal policy is less important in Latin America than in developed economies.

Preliminary results with the pandemic: 2020, 2021, and 2022

There are various studies evaluating the impacts of the Covid-19 pandemic on inequality. Most of them highlight, based on historical studies, that a pandemic increases inequality both at the time it occurs and in subsequent years. This section shows some of the literature that we developed in Alarco and Castillo (2022 and 2022a). Likewise, business information from *Fortune* magazine (2022 and 2023) is presented, showing what happened with the income and profitability of the 500 largest companies in the world and the general results on the wealth of billionaires globally from *Forbes* magazine. In addition, information on the functional distribution of income in some developed economies, such as Germany, France, Great Britain, and the US, is then presented, and in the economies of Latin America: Brazil, Chile, Colombia, Mexico, and Peru. Despite the different sources of information considered, in general there is a trend towards greater inequality during and after the pandemic, although with many national particularities because of the policies applied during the period. We will not present here, due to space issues, the information related to the personal distribution of income.

Furceri et al. (2020) study the impact of the main epidemics of the last two decades on income distribution. Past events of this type, albeit on a smaller

scale, have led to increases in the Gini coefficient, raising the income share of the highest income deciles, and reduced the employment-population ratio for those groups with basic education compared to those with a higher level of education. They provide evidence that the distributional consequences of the coronavirus may be greater than those derived from the historical pandemics of the sample they analyze. In a similar vein, Galletta and Giommoni (2020) examine the effects of the 1918 influenza pandemic on income inequality in Italian municipalities. They show that in the short/medium term (i.e., after five years), income inequality was higher in the Italian municipalities most affected by the pandemic.

The estimates provided by the ILO (2020) indicate that during the pandemic in 2020, 345 million full-time jobs were lost. Similarly, Hill and Narayan (2021) argue that the pandemic increased inequality through three mechanisms: a strong impact on job losses, long-term costs of the strategies of poor households to deal with the pandemic, and the disruptions that affect education among children from poor families and make it difficult for them to complete their studies and enjoy the economic benefits in the long term.

At the same time, as noted in the previous section, the record number of billionaires (2,755) and the value of wealth (US\$13.1 trillion) was higher in March 2021 than in March 2022 (2,668 billionaires and 12.7 trillion) and March 2023 (2,640 billionaires and 12.2 trillion) according to *Forbes* magazine (2021; 2022; 2023). Likewise, according to information from *Fortune* magazine, in 2021 the volume of profits obtained was highest both in absolute terms (US\$1.84 trillion) and relative to sales (11.4%) compared to all previous years and above the financial results of 2022 (Fortune 2022; 2023). All these indications allow us to affirm that not everyone lost during the pandemic due to the lower level of economic activity, but rather the profits and the value of the wealth of the richest grew. According to *Forbes*, it should be clear that 2021 was the record year, but the wealth concentration levels of 2020, 2022, and 2023 are in all cases higher than the pre-pandemic levels of 2019.

It is important to note that the distributional impacts of the pandemic are accompanied by an intensification of technological change associated with a greater use of digital technologies, robotics, and artificial intelligence (AI), among others, that imply a lower use of labor, especially less qualified labor. In this regard, Chernoff and Warman (2020) show that Covid-19 accelerated job automation, as employers invest in technology to adapt the production process to protect themselves against current and future pandemics. The International Federation on Robotics (2021) reported that annual orders for robots from

non-automotive sectors exceeded cumulative orders for automotive robots for the first time. In the midst of the Covid-19 pandemic, in which GDP decreased worldwide by around 4%, sales of robotic units in the United States increased by 7% in 2020 compared to 2019. Acemoglu (2021) reminds us that there was a serious problem before the pandemic with technological change and economic growth. He points out that much of this decline is attributable to automation, as well as other factors such as globalization and the diminishing power of labor over capital. Driven by machine learning and AI, the next phase of automation is advancing apace and putting the world's economies at a crossroads. AI and other ongoing technologies could further exacerbate inequality.

The future: Higher inequality but more complexity?

The distributive outlook is clearly determined by structural factors and technological change trends that tend to reduce the labor component per unit of product in the short, medium, and long term, which was boosted by the Covid-19 pandemic. Subsequently, the inflationary pressures were added as a more conjunctural element that has been aggravating inequality. On the positive side, as Milanovic (2023) suggests, the greater growth of China, India, and other Asian economies contributes to an improvement in global equality at the base due to the growth of their middle classes, but negative in the upper part since it is the richest 1% that are likely to achieve a larger share of global wealth and income. We must also subtract from this positive effect the probable negative impact of what is occurring in Africa. However, although the greater inequality sounds paradoxical, geostrategic conflicts, deglobalization, and the slowdown in global growth expected for the coming years, until the end of this decade, could generate social and political counterweights so that the share of wages in GDP is not further reduced.

There is no doubt that new technologies can have positive impacts by improving production processes, creating new goods and services, generating new jobs, and raising our living standards; but most of the studies are proposing that the net balance in terms of job creation could be negative. Between 47% of current jobs could be lost in the US in the most pessimistic scenario and 9% in the least pessimistic. For our region, ECLAC and OEI (2020) recall that there is a certain consensus that the main tasks or occupations most likely to be automated are routine tasks, both manual and cognitive, defined as those that can be fully codi-

fied and, therefore, programmed to be carried out by machines. Non-routine tasks require skills such as flexibility, judgment and reasoning, common sense, and intuition and creativity, among others, which, unlike routine tasks, cannot yet be performed by machines.

According to ECLAC and OEI (2020), 32.6% of the occupations in Latin America would be potentially automatable with high risk, with 21.6% in the primary sector, 35.4% in manufacturing, and 34.1% in services. In the case of Peru, those estimates would be lower due to the low levels of productivity in which there would be no incentive to replace people with machines (19% of total employment). The primary sector would only replace 5% of the labor force, the secondary sector 29.5%, and the tertiary sector 22.9%.

In the case of Latin America, another important variable to consider are the changes in the political regimes of the various economies in the region, although without a permanently defined trend. In this regard, it must be remembered that, at the beginning of the 21st century, the political changes in Argentina, Brazil, Ecuador, Bolivia, and Uruguay from conservative schemes based on the drip economy to more progressive ones concerned with wages and salaries and equality generated the increase in the share of wages and salaries in the GDP of the entire region. Now, at the beginning of the third decade of the millennium, those spaces are once again shared by Argentina, Bolivia, Brazil, Chile, and Colombia.

For our region, it is also relevant to consider the evolution of the terms of foreign trade, since when these are positive due to the higher and rising prices of export products, the internal economies become more dynamic, but the share of profits in GDP generally increases to the detriment of wages and salaries. This occurs in economies that export mining products and hydrocarbons, such as Chile, Colombia, and Peru.

Without considering the political variables and the previous terms of trade, Alarco and Castillo (2022) used simulation exercises that extrapolate the trends in terms of labor per unit of product and an input-out-

put model for Peru between 2020 and 2030 to show significant effects in terms of the employed population and greater inequality. In the base scenario that assumes the continuation of the current pattern of growth, a higher level of economically inactive population, unemployment, and greater inequality would be generated. Likewise, intensifying the orientation towards producing and exporting mining products would cause these results to worsen due to the fact that the extractive industries are capital-intensive. Similarly, the appreciation of the national currency due to the greater inflow of foreign currency could contribute to a lower internal production of the agricultural and industrial sector (sectors plus employers) that would be satisfied by imported goods.

The future direction of global inequality is difficult to predict. There is no inexorably negative result in relation to the concentration of wealth and high inequality in the coming years. However, if we do not apply public, fiscal, and redistributive policies such as those proposed by Piketty (2019), Oxfam (2023), and other authors, along with measures that regulate ongoing technological changes, as proposed by Acemoglu (2021), and regulated digital technology platforms, negative trends will dominate. The challenges are even greater for Latin America, where inequality is more persistent, natural resource-based economies do not guarantee the generation of more jobs, and weak institutions call into question the ability of governments to distribute wealth in a sustainable manner. For this reason, the urgency of working locally and globally to achieve better shared economic growth is clear.

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Family business in Argentina: The discreet charm of strong ties in weak institutional contexts

Alejandro Gaggero

In Latin America, most important local companies are part of business groups controlled by families.¹ Data show that a significant part of the business elite is organized under rather concentrated equity structures, with a lower share of institutional financial investors than those in developed countries (Aldrich and Postali 2010; Lefort 2005). There is little resemblance to the situation in the Anglo-Saxon world, where most leading companies go public and their equity is in the hands of thousands of shareholders.² Explanations found in the literature about this persistence of diversified groups controlled by families in Latin America focus on their functionality in contextual scenarios of macroeconomic instability, and on the advantages derived from cumulative social and political capital (Karcher and Schneider 2012; Khanna and Yafeh 2005).

In Argentina, the fact that many of the main businesses in the country are family-controlled does not guarantee that they are always in the hands of the same families. Data show that the high political and economic instability led to an important rotation of the business elite, with periodical replacement of the

family groups leading the ranking of companies with higher sales. The list of the richest families, published by *Forbes* magazine, makes it clear that there are few traditional business families sustaining their leadership in any productive activity over several generations. The “historical family names” of the business elite are infinitely fewer than those newcomer families in the highest circle of wealth.

This article analyzes how the families of the Argentine business elite dealt with contexts of high political and economic instability, based on the cases of three families: Macri, Fortabat, and Rocca. In order to develop this objective, various sources of information used in previous research are recovered: newspaper articles from two business journals, institutional publications of firms, and semi-structured interviews with former managers.

The Macri family: Extraordinary opportunities, a leader, and his family entourage

In 1989, Francisco Macri was chosen by the specialist magazine *Prensa Económica* as “businessman of the decade.” Socma (Sociedades Macri) was at that time the largest business group in Argentina, built from scratch by its founder. Macri emigrated from Italy to Argentina in 1940 without fortune or education. He established a small construction company in the late 1950s and married Alicia Blanco Villegas, a member of a local elite family. A decade later he became a minority partner of Fiat Argentina in a company devoted

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to large infrastructure projects, but until the mid-1970s, the entrepreneur was a “newcomer” to the local business elite, and he was virtually unknown to the press and public opinion.

In the mid-1970s, Macri started the transition from a construction company to a diversified business group. Socma was founded in 1976 as the holding company that would function as the group’s headquarter for the following decades. Macri was politically pragmatic, hiring as managers both businessmen

who supported the military dictatorship and young Peronist leaders. Another member of the board of directors was his brother-in-law, Jorge Blanco Villegas, who had a leading role in the group in the subsequent years.

During the second half of the 1970s, the group began a fast process of expansion that propelled it to the top of the Argentinian economic elite. The crisis that the country went through in the following years allowed the company to conduct a strong process of diversification, engaging in different sectors, such as the automotive industry and public services. Much of the new investment had been geared towards taking advantage of the opportunities offered by the withdrawal of multinational corporations and the outsourcing policy implemented by the military government (Gaggero and Pérez Almansi 2023).³

In 1982, Macri bought Sevel, an automaker that held the licenses to manufacture Fiat and Peugeot vehicles in Argentina, and became one of the leading industrialists in the country. The advent of the group to the automotive industry was the result of Fiat's decision to leave Argentina but maintain its brand, the final stage of a corporate rationalization process.⁴ In the early 1980s, the Macri group also won in the military dictatorship's privatization process for the garbage collection service in Buenos Aires and Córdoba. Without any previous experience in the supply of urban hygiene services, Socma managed to partner with the firm Waste Management, a world leader in the activity. In this case, Macri's political relationships were a key asset that the foreign capital did not possess. In the words of a former Socma manager:

In many ways the group was an ambassador of foreign capital in Argentina. As the situation in the country was chaotic, Francisco offered to foreign firms his experience to survive in that situation, he also offered his contacts with Argentinian politicians and businessmen. Franco told them "we know how to operate here." With garbage collection, in which we were associated with Waste Management International, this dynamic took place. (Gaggero y Pérez Almansi 2023, 26)

Francisco's three sons held high positions in the group's main companies, but it was the eldest, Mauricio, who was chosen to lead the group in the future.⁵ During the 1980s, Macri grew in the frame of a stagnant economy with high inflation, but in the next decade, when the country managed to reach price stability, automotive multinational factories returned. Macri sold the assets and bet on privatization of the Post Office under President Carlos Menem (1991–1999), but this time the decision failed. During the first decade of the 21st century, the group returned to its origins and withdrew into the construction industry.

Francisco Macri's succession did not work out as expected, either: after disagreement with his father, Mauricio resigned from Sevel, devoted himself to politics, and ended up being president of Argentina.

Big fortunes without big companies: The case of the Fortabat family

Many of the richest people in the country are not strictly big businesspeople, but heirs. They are children or grandchildren of the founders of large business groups that were sold to multinational corporations in recent decades. They put those fortunes in the offshore financial system and made small investments in Argentina. During the 1990s, unprecedented sales of local companies to foreign capital took place. The market reforms implemented in Argentina in the early 1990s by President Menem, including privatization, market liberalization, and convertibility, were welcomed by business at the time, but it soon became evident that competition limited businesspeople's economic and political power (Beltran 2015).

The challenges of the reforms led some businesspeople to sell, missing the control of business groups that had been founded by their families and were a source of prestige. In 1989, 40 business groups were part of the ranking of the 200 companies with the highest sales, but 15 years later a third of them had been sold to foreign capital. This did not exclude those families from the group of the richest, but it disempowered them, because they would no longer run some of the most important companies in the country. After the sales, many of them invested their fortunes in tax havens, through a complex financial architecture.

The history of the Fortabat family is a good example of the path followed by capital in Argentina. Alfredo Fortabat founded Loma Negra in 1926, after finding a limestone deposit at one of his ranches in the Province of Buenos Aires, and in the next decades it became the main cement group in the country. In 1976, its founder died, and his wife, Amalia Lacroze de Fortabat, took over the management of the company. She was able to take advantage of the ambitious public works plans of military governments and state industrial promotion policies. Lacroze de Fortabat not only amassed one of the largest fortunes in the country but also became one of the best-known figures of the Argentine economic elite.

During the opening and deregulation policies of the 1990s, the group borrowed heavily abroad, and the economic crisis of 2001 forced the family to sell the

company in 2004 to the Brazilian group Camargo Correa for around US\$1,000 million. Most of these funds were invested abroad through the asset management firm Tilton Capital, owned by Alfonso Prat Gay, a former JP Morgan executive who would later become president of the Central Bank and then minister of finance. Currently, five heirs of Amalia Lacroze de Fortabat, who died in 2012, appear on the list of the 50 richest people in Argentina. But in the country only some agricultural investments and an art foundation remain.

The path of the Fortabat family illustrates that a large part of the richest Argentine families have most of their assets invested in the offshore world. According to the latest official data, Argentines have US\$261,000 million outside the local financial system between cash and financial titles, although academic research indicates much higher figures. At the macro level, these statistics show the problem of capital flight that the country has experienced in the last half century. Broadly understood as the capital outflow from residents trying to avoid state regulations or the effects of public policies (Epstein 2005), it brings economic and social consequences.

Although not all capital flight is necessarily illegal, the evidence collected for Latin America shows that a relevant proportion of it comes from illegal activities or, in the case of legal ones, is related to some type of tax evasion (Barkin and Alvarichevsky 1989). This harms the fiscal sustainability of the countries and, on the other hand, has a regressive effect on the distribution of income. In Argentina, the importance of capital flight – greater than in other countries in the region – was enhanced due to the chronic episodes of external restriction – shortage of foreign exchange – during the second half of the 20th century (Gaggero et al. 2007).

Tax havens play a central role in the financial architecture that allows the capital outflow of the richest families in Argentina.⁶ Among the several definitions circulating in academic and political circles, there are two key features to identify a tax haven: low or inexistent taxes and financial secrecy. The former is well known: these territories operate under special taxing systems which minimize the payment of income taxes, as compared to the original countries. These havens offer a blanket of secrecy regarding the holding or ownership of assets, such as banking secrecy, or limit cooperation with countries requesting this information. They also ensure an indirect anonymity by allowing individuals to hide their identity behind legal companies where they do not appear as owners although they control the organizations through third parties.

The investigation known as the Pandora Papers shows the relevance of the local economic elite as a user of this global financial architecture. In the largest leak of data on offshore companies to date, Argentina

is the country with the third largest number of final beneficiaries of companies located in tax havens.

In the outflow of capital from the rich families, not only the destination is important, but also the intermediaries: a group of companies and professionals specialized in wealth management. In the current global financial system, wealth managers play an important role in inheritance since, by ensuring that the wealth remains in the hands of the same family, they contribute to reproducing their power and the stability of the social structure (Harrington 2016). These firms are part of a truly global service chain, including large accounting and legal firms, departments of large international banks, medium-sized or small financial advisory firms, and independent professionals. They develop techniques that help their clients benefit from legal loopholes and conflicting rules in cross-border transactions to minimize tax payments. They are enablers of the outflow of capital from the countries where the profit is produced to tax havens or territories with preferential tax regimes.

In Argentina, the case of Hernán Arbizu led to public debate on the role of the enablers. Arbizu was a former JP Morgan executive who worked in the private banking section, in charge of managing large family fortunes. After being accused of fraud by some of his clients, he declared in the Argentine court that JP Morgan was part of an illegal association that between 2006 and 2008 was dedicated to capturing funds not declared and of unknown origin, in order to administer them. In his own words:

We managed assets of at least US\$25 million. The private banking business is about giving the structure to these people to hide their assets from the tax authorities. We always said that doing this business in Argentina was like fishing in a fishbowl, it is the easiest country to do it (...) The search for rich clients is called "prospecting." How is it done? At Morgan, for example, we aimed to attract rich people by sponsoring art events to which we invited clients and potential clients. We also organized "hospitality," where guests at polo events were fed...⁷

The Rocca family: Productive and financial expansion abroad

Argentina produced a limited number of "national champions" – successful economic groups that managed to take advantage of promotion policies, becoming leaders in the production of goods and services and reaching international competitiveness. Most of these winners carried out a process of expansion and currently have most of their productive assets abroad.

For three generations the Rocca family has controlled Techint, the group that developed the most successful internationalization process in Argentina, becoming one of the main global producers of seamless steel tubes and a regional leader in the market for flat steel plates. It was founded in the 1940s by Agostino Rocca, an Italian engineer who was president of the Italian public holding company of the fascist regime. For more than 80 years the family managed to retain control of the group through a successful succession: when Agostino died, his son Roberto was in charge of the company until he was succeeded by his own son Agostino jr. and later by Agostino's younger brother Paolo.⁸

In the 90s, the political power of the family and the ties with the state helped it to overcome the dangers of economic liberalization. The privatization program allowed it to buy the main steel company in the country (SOMISA) and increase its market share (Etchemendy 2001). After that, Techint not only expanded productively abroad but also carried out a corporate restructuring that transformed local firms into links in a global network, whose ultimate control formally depended on firms located in tax havens. The Rocca family located these holdings (owners of the rest of the companies in the group) in Luxembourg and created a foundation in the Netherlands to control the entire structure from there.

The international expansion of the group took place in a structure like that of other transnational companies, enhancing problems traditionally associated with such companies. Among the consequences brought about by this process on the outbound capital flow, it is noteworthy to mention the possibility to manipulate transfer prices in transactions with goods and services between group companies located in different countries. One of the aspects of the restructuring to be considered was the location of commercialization and logistics companies in different countries from the manufacturing plants, usually being locations with favorable taxing systems, such as Uruguay. This "work division" between countries favors transfer price manipulation, increasing costs for those subsidiaries located in jurisdictions with higher relative taxation, such as Argentina, and increasing the income of those in countries with low or non-existent tax rates.⁹

For example, the family created an important offshore structure in Uruguay with shell companies,

even though it has no relevant productive activity there. These firms billed more than US\$7,000 million in 2021, which is equivalent to 13% GDP in that country and a profit of almost US\$500 million (Gaggero and Zanotti 2022). Thanks to Uruguayan taxing regulations, the effective income tax rate only applies to 0.75% of profits, while in Argentina the income tax is 35%. This partly explains the functionality of these structures that allow tax payment to be minimized. Uruguayan shell companies paid taxes on 0.3% of their billing and 3.2% of their profits before taxes in 2021.

Conclusions

Over the past half century, Argentina has trodden a path of failed economic policies and recurrent crises, which have molded a business elite with high rotation, little cohesion, and oriented to short-term planning (Heredia 2022; Lluch and Salvaj 2012). This elite developed strategies of high liquidity and low levels of investment, concentrated in short periods or sectors that offered extraordinary opportunities, many of which derived from the crisis or the relationship with the governments at the time. As the literature shows, in a context of high volatility, family control of local companies offers two great advantages: privileged access to information and the political system, and flexibility and speed in decision-making through centralized control (Schneider 2008).

Macri's success was based on the ability to take advantage of the opportunities offered by economic crises and a weak state, permeable to sectoral pressures. But in the case of both Rocca and Fortabat, political capital and speed to react to institutional changes also played an important role.

A great proportion of families who managed to become members of the elite have increasingly taken advantage of opportunities offered by a given situation, and later, when those positive conditions changed, they have sold. In the case of Fortabat, this withdrawal occurred through an outflow of capital to tax havens. Finally, the article shows that the few families who have managed to maintain control of their companies in the long term were able to escape local instability through their expansion abroad.

Endnotes

- 1 Business group is defined as the set of legally independent companies bound together by formal or informal links (Granovetter 2005). These business organizations had a relevant role in the global economy during the last forty years and were particularly important in peripheral countries, where they expanded side by side with late industrialization processes. In regions as diverse as Latin America and Southeast Asia, these groups have become key factors in the industrial structure and have had permanent close interaction with the different governments over time, which, on most occasions, were considered irreplaceable allies for the organizations' development (Amsden 1989; Guillen 2000; Leff 1979).
- 2 While the percentage of floating stock available on the stock market in 2016 for Latin America was 50%, the same category reached 87% at worldwide level (Bekaert, Harvey and Mondino 2023; IAMC 2016).
- 3 "The possibility of continuing to grow solely on the basis of construction seemed extremely difficult [...] The solution, which became an obsession for me, was to diversify, and not just geographically. Between 1974 and 1976 I remained on guard, looking for interesting opportunities in other sectors, at first in businesses related to construction, but always with the aim of diversifying, especially towards services. It was the ideal moment because the Argentinian crisis was scaring away many foreign investments and companies that could be bought for little money and with good funding" (Macri 1997, 107).
- 4 The global crisis in the sector, the international restructuring of Fiat, the macroeconomic instability in Argentina, the decline in the purchase power of the Argentinian salary, and the rise of the Brazilian market led the local subsidiary to change its business strategy.
- 5 Mauricio Macri was president of Sideco (construction) between 1986 and 1992 and president of Sevel in 1994.
- 6 A tax haven is a jurisdiction, a national or subnational state, which deliberately passes legislation intended to attract non-residents to its territory so as to carry out transactions oriented to avoiding the payment of taxes or the application of rules in their original countries, thus offering a legal shield to hide actual beneficiaries of those transactions (Arribas Haro 2011). Tax havens apply an important limitation which is the explicit exclusion of residents from those benefits, implicitly admitting the negative effects of such policy.
- 7 Interview with Hernán Arbizu, documentary "In line of duty" (2022), by Jorge Gaggero.
- 8 Although the group is still controlled by the family and the CEO is Paolo Rocca, during the last decades Techint has professionalized its management, and relatives have a marginal role.
- 9 There exist different methods of aggressive tax planning. First, companies established in low taxation countries may obtain profits through a deviation of the transfer price (Dharmapala 2014; Heckemeyer and Overesch 2017; Bernard, Jensen, and Schott 2006). In this case, the subsidiary in a country with low taxation buys goods for the related company at a lower market price. Therefore, they substantially lower their costs and increase their profits. Along the same line, subsidiaries established in low taxation countries could sell services (management, advertising, consulting, etc.) to related companies by overpricing them and increasing their profits (Hebous and Johannesen 2021). Second, multinational companies locate their intangible assets (brands, patents, etc.) in subsidiaries located in low taxation countries so as to collect overpriced royalties from related companies (Discinger and Riedel 2011; Karkinsky and Riedel 2012). Third, multinational companies establish firms in low taxation countries with the sole purpose of granting loans to other internal firms of the group, since interest earned will not pay taxes (Buettner and Wamser 2013; Desai, Foley, and Hines Jr. 2004; Egger et al. 2014). Finally, subsidiaries established in low taxation locations usually centralize the liquid assets of the multinational and protect their property and certain strategic assets such as stock share in controlled companies (Zucman 2015; Shaxon 2014).

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Wealth and whiteness in Latin America

Hugo Cerón-Anaya

Is there such a thing as *humble skin color*? In her study of perceptions of the African diaspora among elementary school students in the city of Guadalajara, Mexico, doctoral student Marleys Meléndez Moré found that children who possessed a phenotype similar to that attributed to Africanness do not self-identify as members of this community in any sense.¹ Instead, the students used the term “humble color” to refer to their dark skin tone. This description was made in the context of working-class students in a public state school in the urban area of Guadalajara, Mexico. The adjective “humble” can be understood as an attitude of modesty in the face of greatness. However, in the setting in which Meléndez Moré recorded it, humility instead suggests a situation lacking material wealth or class distinction. The link between skin color and class position seems out of place in a country that has situated *mestizaje* (i.e., mixed race) at the center of the modern Mexican identity, both in terms of culture and phenotype. Under a mestizo logic, the national character is defined by the celebration of racial mixture, and, therefore, there is no place for ethnic-racial hierarchies in this country.

The comment appears even more absurd if it is considered that the Mexican intellectual José Vasconcelos ([1925] 1958) was one of the two most prominent figures in the region (alongside Brazilian scholar Gilberto Freyre, [1933] 2010) promoting the idea that a long period of miscegenation (i.e., racial mixture) represents the most important and valuable cultural trait of Latin America. Moreover, the ruling party that governed Mexico (Partido Revolucionario Institucional, PRI) during most of the 20th century built its social, cultural, and political projects on Vasconcelos’ arguments. Further, the celebration of the indigenous and African past of the nation was materialized in a vast body of art produced by some of the most prominent Mexican artists of the 20th century, such as Diego

Rivera and Frida Kahlo. In this context, why do students in a working-class school associate dark skin tones with *humility*? Likewise, in a relational sense, we could ask, what is the equivalent opposite of *humble skin color*?

In opposition to Latin America, the United States has long maintained what sociologist W. E. B. DuBois terms “the color line” ([1903] 2015). This is an economic, political, and social hierarchical division based on racialized perceptions, which originated in colonial times. This more rigid division has permitted to extensively document the relationship between wealth and racial/ethnic categories in the United States. For instance, in today’s US, a white family has an average accumulated wealth per household of \$171,000, while a Latino family has economic reserves of \$20,700, while a black household has only \$17,600 (U.S. Federal Reserve 2017). Likewise, we know that the type of employment, the value of a home, and the level of education, among other socioeconomic indicators, vary considerably according to the ethnic and racial affiliation of the communities studied (Emir-

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bayer and Desmond 2021; Korver-Glenn 2021). Racial and ethnic categories so profoundly influence the distribution of material resources that the former are often a close proxy for determining class positions in this country (Gans 2005).

Latin America has seen itself as a radically different model. To paraphrase Enrique Krauze, one of Mexico’s most prominent public intellectuals, this region possesses a model of racialized tolerance in which the main social problems are not of an ethnic-racial – and therefore racist – nature but rather of class inequalities (Krauze 2014). In this region, the argument goes, ethnic-racial ascription is not a determinant of class position. *Mestizaje* made it possible to overcome this colonial atavism by creating a model in which it is possible to move easily through various racialized symbolic categories (i.e., mestizo or indigenous, for

the Mexican case). Therefore, according to the benevolent reading above, phenotypical perceptions do not organize the distribution of material resources in Latin America as in the United States.

Latin American miscegenation

The origin of the argument that ethno-racial ideas play a minor role in social organization in Latin America goes back to the beginning of the 20th century. At this time, modern Latin American states sought new ways to leave behind the colonial model and legislative structures that had continued to drag colonial categories with them throughout the 19th century. To this end, the works of the intellectuals José Vasconcelos ([1925] 1958) in Mexico and Gilberto Freyre ([1933] 2010) in Brazil were of enormous influence. Incorporating some national and historical differences, Vasconcelos and Freyre advocated variants of the idea that ethno-racial notions in Latin America produced a model of tolerance. According to these views, the cultural and marital mixing of multiple ethnic-racial groups over long historical periods in this region shaped “racial democracies” that operate based on social inclusion (Moreno Figueroa 2022). This argument contrasted with what happened in the United States, where exclusion and violence of colonial origin did not disappear in the modern and independent version of this country.

The inclusive nature of the *mestizaje/mestiçagem* model was further enhanced in the work of a wide range of leading intellectuals. For example, the famed Mexican sociologist Pablo González Casanova asserted in the mid-20th century that in Mexico there was no racial discrimination but rather class exclusion ([1965] 2003). In his words, “A man of indigenous race with national culture does not resent the slightest discrimination because of his race: he may resent it because of his economic status, his occupational or political role. Nothing more” ([1965] 2003, 103). From this line of argument, it follows that racialized notions are irrelevant in the organization of social inequalities. Therefore, it is in the class structures where the great Latin American problems lie.

Despite this consensus, some critical voices raised doubts about such an idea. This was the case for the Brazilian sociologist Guerreiro Ramos (1957), who since the late 1950s had highlighted the role that racialized ideas played in the legitimacy of analyses of social reality. This researcher questioned the insistence – in his opinion pathological – of the Brazilian intelligentsia to study blackness, an act that simultaneously ignored the white racialized identity of the researchers themselves. Guerreiro Ramos argued that the desire to

study black communities while ignoring white communities materialized the former identity while obfuscating the latter. This process ended up transforming white identity into a neutral, almost non-existent category. This line of research went unnoticed in the general Latin American context. The question of who is white in Latin America and how this racialized identity is articulated with other power dynamics was not taken as a serious line of analysis because this questioning has been associated with the United States.

Despite the consensus on the limited importance of ethnic-racial categories within the Latin American *mestizo* universe, the link between class and racialized categories never ceased to emanate in fieldwork. For example, in his famous study of Nicaragua in the 1990s, the US anthropologist Roger Lancaster noted a unique relationship between ethnic-racial and socioeconomic variables (1991). Nicaraguans tended to refer to poor neighborhoods as “black” areas while also describing wealthy neighborhoods as “white” areas. The association went beyond simple geographic references. According to the author, Nicaraguans seemed to understand wealth and whiteness as goods of extraordinary value, although of great scarcity in this nation, while poverty and blackness were understood as elements of no value but of great abundance in this Central American country. Bringing back the initial question, the link between class structures and racialized hierarchies seems nonsensical in a region representing itself in terms of *mestizaje/mestiçagem* and where ethnic-racial inclusion is seen – at least discursively – as the source of its cultural richness.

In a region where *mestizaje/mestiçagem* is the prevailing model, how is it possible that poverty is seen as a black or indigenous characteristic while an abundance of goods is seen as a white characteristic? Lancaster’s work brings us back to the initial query, does *humble skin color* exist in Latin America?

Studying up

At the beginning of the second half of the 20th century, a small group of US intellectuals proposed to stop studying only subaltern groups and start looking at groups with economic, political, and social power (Mills [1956] 1981; Domhoff 1967). Anthropologist Laura Nader called this perspective which invited researchers to inquire into the way the wealthier sectors of society reproduce their positions of privilege “studying up” (1972). In the case of the United States, this perspective sought to generate interest in the class dynamics among the powerful. In Latin America, the qualitative social scientists following this line of re-

search have commonly addressed the link between class structures and ethnic-racial notions, particularly those related to whiteness and whitening (*blancura* and *branquitude*). For example, anthropologist Hugo Nutini devoted most of his academic work to studying the Mexican “aristocracy” (2008).

Although the term might suggest sarcasm to describe socially pretentious groups, Nutini details the social and cultural milieu of a small upper-middle-class sector that traces its lineage and family distinction to the indigenous nobility and the Spanish conquistadors of colonial times. Since the mid-20th century, some members of this group have lost the financial capacity to match Mexico’s most powerful economic groups. However, their lineage and social distinction have allowed this “noble” community to maintain an important position among the upper classes. Thus, despite the lack of legal recognition as a noble class or the limited popular awareness about them, the Mexican “nobility” is part of the elite in this country. Nutini shows how the group frequently uses perceptions about phenotype to draw the social boundaries of the community. For example, in addition to material wealth passed down intergenerationally and a set of blood ties, most group members possess bodily traits that bring them closer to what in Mexico is considered white, particularly Spanish (such as an aquiline nose, light skin and eyes, as well as curly light-color hair). Nutini indicates that those members of the group who show phenotypic variations of this pattern (either because they have light brown skin tones or a wider nose than the rest of the group) often began interviews to talk about the community by explaining their direct connection to a member of the colonial indigenous nobility. This did not happen with other members of the group. The need to explain physical traits through direct connections to distinguished indigenous personages of the past seemed a form of phenotypical self-consciousness, almost as if the person aimed to justify “defective physical traits” through noble/class origins. This fact highlights the relationship between belonging to an elite group and the need to possess certain phenotypic traits associated with whiteness. Nutini’s work offers clues to answering the initial question about the existence of the opposite equivalent to *humble skin color* in contemporary Mexico.

The work of Carmen Martínez Novo offers a different way to observe how racial notions operate among privileged sectors in Ecuador (2021). This author examines the sociopolitical transformations that the Andean country has experienced between the neoliberal period of the 1990s and the two subsequent (self-described leftist) regimes. During the neoliberal period, indigenous communities paradoxically ac-

quired some recognition and inclusion. The latter allowed them to gain control of some educational projects and to advance their presence in the political sphere. These achievements were gradually diluted under leftist governments, particularly during the regime of Rafael Correa. The Ecuadorian political elites implemented various mechanisms to recover the small political spaces and material resources that the indigenous sectors had managed to obtain in recent decades. What is relevant for the present text is to note how the political elite easily resorted to old discourses that presented indigenous people who resisted state control as uncivilized subjects who wanted to stop progress. Through what Martínez Novo calls ventriloquism (2018), white political actors assigned themselves the legitimate representation of excluded communities, even making decisions for them. However, in relation to the 2010 census, Ecuadorians intensely debated the term “white” and who could be considered under that ascription. The author narrates that, among the upper middle classes, a significant percentage of men felt comfortable with the ascription of white. Women of the same stratum preferred the term “mestizo.” The difference in gender opinions is based on how “white” is associated with connotations of arrogance and a certain degree of foreignness, notions that most women dislike but that some men find acceptable.² Ultimately, the percentage of individuals who self-identified as white declined from 10.46% in 2001 to 6.1% in 2010 (Martínez Novo 2021, 81).

The Ecuadorian case shows the Latin American complexity in understanding the link between wealth and phenotype. On the one hand, a sector of the Ecuadorian upper classes rejected the category “white” because of its association with conceit and foreignness, preferring the term “mestizo” as a social sector. However, considering the process of subjugation and exclusion experienced by Ecuador’s indigenous populations at the hands of a regime led by members of the white/mestizo group, it is worth asking whether the discussion of who is legally white has not caused us to lose sight of more subtle but more efficient ways in which whiteness operates in everyday life. Despite the Latin American lack of clarity in determining who is white and who is not, relations of power, distinction, and prestige are strongly linked to notions of “whiteness” in this region. Moreover, the latter category becomes more accessible to those who can demonstrate it corporeally, understanding it in terms of both physical appearance and attitudes, worldviews, and habits (Ramos-Zayas 2020).

The work of Mara Viveros Vigoya on upwardly mobile black professionals in Colombia further shows the complexity and urgency of understanding the relationship between whiteness and wealth in the region

(2021). Like the above cases, Colombia has a racialized class system in which poverty is strongly associated with blackness and indigeneity, while wealth is profoundly linked with whiteness. In this context, upward-mobile black professionals are in a liminal social position that requires a set of strategies to maintain their comfortable class position. Among their affluent white(r) peers, for example, these black professionals must distance themselves from habitual, geographical, aesthetic, or linguistic indicators that suggest any association between them and the larger poor black Colombian population. For instance, their accent should not denote a Pacific Coast origin, where a large Afro-Colombian community resides; their fashion style must not include “ethnic” patterns because it suggests a strong black upbringing; women must wear make-up to look of a brown-skinned tone and straighten their hair to appear “professional” (Viveros Vigoya 2015; 2021). These social strategies aim to prevent the awkward social interactions that emanate from racist comments and stereotypes, which, subsequently, could hinder the careers and professional opportunities of these black middle-class individuals.

My work on golf clubs in Mexico City offers another example to think about the connection between material privilege and racialized ideas, particularly whiteness (Ceron-Anaya 2019). In this nation, golf is a sport that is only played in private clubs. In Mexico City, the average cost of a one-time membership is around US\$35,000; it does not include other expenses, such as minimum food consumption, annuities, equipment purchase, classes, and tournament registration, among others. The high cost of the sport makes it only accessible to the wealthy. The world of golf in Mexico is not new; the sport arrived in this nation more than 100 years ago. The first clubs were founded in the last years of the 19th century by wealthy English immigrants who came to exploit oil and mining deposits in various parts of the country. By the 1930s, the sport had grown considerably thanks to American immigrants who ran several economic enclaves dedicated to extracting natural resources. This was the case of the world’s largest cotton complex in the north of Mexico, which gave rise to the creation of the Laguna Country Club. At this time, golf clubs highly restricted the type of people who could join the community. For example, the Mexico City Country Club (one of the most distinguished clubs) stipulated in its rules that at least 75% of the members had to be US citizens or Englishmen “of good moral standing” (Wright 1938, 45). The list of Mexican club members at that time allows us to understand that only the most prominent members of the local upper class had access to such spaces. World War II transformed the Anglo-American enclave pattern of these clubs. The pre-

carious economic situation in Great Britain and the US economic recovery led the golf clubs to open their doors to local dominant groups, who until the previous decade could only enter in minimal numbers. These clubs promoted a white identity by rooting their aesthetic culture in European or Anglo-American elements, from the architecture of the club houses all the way to the grasses used on the course. The white connotation of these sites is visible in the objects produced for their own consumption, such as such as tournament promotional posters, headed paper, trophies, and some institutional histories produced by distinguished clubs (Cerón-Anaya 2019).

In the present, I did not find any club that explicitly articulated ethnic-racial notions to determine the admission of new members.³ This fact could support the thesis that the Mexican and Latin American problem is not of an ethnic-racial nature (and, hence, racist) but rather based on class inequalities. However, I found that the class privilege of the community was constantly intertwined with ethnic-racial references in which whiteness is never clearly spelled out but conveyed through constant comparisons and references to those who represent the universe of the non-white. The case of the caddies illustrates the point. Caddies are the workers who assist players during a golf match and take care of any inconvenience, from carrying messages between groups of players, finding lost balls, offering suggestions on strategy, and easing the anxiety of a bad playing day. Some of these workers are extraordinary golfers who by way of watching others play have learned about technique and strategy (in many clubs, caddies are allowed to play as many rounds as they want on Mondays, the day most clubs are closed for maintenance). Despite the remarkable ability of several of these workers, the club members I interviewed never considered them golfers. Instead, club members talk about caddies as the opposite of what a true golfer is.

The explanations of the members to justify the difference between golfers and caddies were extensive but can be summarized in phrases such as caddies “do not understand the strategy of the game,” “are people who lack education,” “do not know how to hit the ball, no one has taught them,” “unfortunately they do not have a good diet, they just watch what they eat,” “they have no work ethic,” “no matter how much you help them, sooner or later they start drinking [alcohol],” “caddies are the ones who bring drugs into the clubs,” “they don’t know how to dress,” or, “even if you put together the best caddies, you wouldn’t have a player who could compete in the best leagues in the world.” In short, caddies lacked the understanding, shrewdness, nurture, morality, determination, aesthetic perceptions, and character to succeed in the sport and

therefore could not be considered golfers. These arguments were articulated in a context in which almost all club members were white (many of them even by US standards), while the overwhelming majority of caddies possessed brown skin tones (which in Mexico is referred to as *moreno*).

The exclusion of caddies could be read as class-based segregation because affluent club members point out the lack of formal education of these workers to explain their inability to comprehend and, hence, competently play the sport. However, these narratives were constantly linked to ethnic-racial ideas by presenting caddies' limitations as innate characteristics shared homogeneously by all members of the group (who also possess a similar epidermal schema).⁴ For example, complaints about a lack of work ethic, a propensity to alcoholism, or deficient dietary practices referred to all caddies without distinction. The argument about the flawed nutritional habits of these poor workers connects with long-standing considerations of the food of the popular classes as the source of their material backwardness, particularly as it is associated with ingredients of indigenous origin, such as corn and beans (Aguilar-Rodríguez 2011). The comment about caddies' lack of fashion taste was particularly relevant. The golfers I interviewed reported that they exclusively buy their golf equipment and clothing on their frequent travels to the United States (interestingly, one interviewee pointed out the absurdity but widespread condition of the practice among the golf community). Caddies, however, need to acquire their equipment and clothing via gifts or secondhand purchases from golfers or in big box retail stores that from time to time offer affordable golf products. In a racial fetishization way, the objects bought directly in the United States possess a true "white" nature, while those acquired in Mexico are of a swarthy condition. The incessant remarks golfers make to differentiate themselves from caddies appear to present a distinction that lay in inherent, almost biological, differences between the two groups.

As part of the fieldwork, I found the case of several caddies with an extraordinary level of play, which could put them on a solid trajectory toward professional golf (a sport that despite its limited number of followers globally is among the physical games with the highest economic rewards for professional players [Cerón-Anaya 2019]). However, caddies reported that this path was extremely difficult for them due to the lack of economic support from the clubs where they worked and the Mexican Golf Federation. I found the case of a caddie who had obtained access to play in the European Golf League based on his outstanding playing level. However, the golfer had missed the first two dates due to "abandonment" because he could not ob-

tain funds that would allow him to travel to the tournament. I interviewed this caddie two weeks before the third date of the league, for which the caddie was still unable to obtain the funds to travel (when I looked for him again, the player had lost for the third consecutive time for "abandonment").

When asked about the lack of support for outstanding caddies by members of these clubs, some of whom were even members of the Federation's leadership, most interviewees resorted to various explanations. In these, the blame was shared partly by the institutions (which did not do enough to support workers) and partly by the caddies themselves (who were too lacking to succeed in the sport). However, on one occasion one of the interviewees articulated an overtly ethnic-racial argument about the problem. This interview took place in a coffee shop in an upper-middle-class neighborhood. Toward the end of the talk, the participant took a long pause, turned to look at the diners seated behind us (he seemed to want to make sure no acquaintances were in the establishment), and then continued:

Before, you asked me why the clubs or the federation do not support caddies [to become professional players], *off the record* I will answer you what I think. I think most golfers don't support caddies, even though some are very good players, because caddies look like their domestic workers. Caddies resemble their maids and chauffeurs, which golfers dislike.

Following this comment, the individual offered a multitude of examples in which the clubs or the federation either openly or covertly sabotage initiatives for outstanding caddies to approach the professional world. This was the only participant who explicitly linked the relationship between class and racial-ethnic perceptions to describe the marginalization of workers. For this person, the lack of institutional support is based on the phenotypic proximity of caddies to other workers, equally lacking prestige. In this case, social class ("maids and drivers") and phenotypic hierarchy ("they look alike") intermingle to form a common dynamic that explains the lack of opportunities and resources faced by the lower classes. In most cases, the link between these two structures was established through narratives about morality, work ethic, or intelligence, in which the upper classes possessed abundant amounts of these characteristics while the working sectors lacked them. These comments occurred in contexts where the former possessed a phenotype much closer to what is understood in the United States as white, while the latter possessed varying dark skin tones. Perhaps in this framework the interviewees did not need to articulate the argument explicitly; the social status of each spoke for itself.

Whiteness and capitalism

The above examples leave a broader question about the nature of the structural problem in a region ethnically and racially identified in terms of *mestizaje/mestiçagem*. How could white (as a racialized identity) and whiteness (as its related ideological construction) be connected with economic success, social distinction, and morality in a region that celebrates racial mixture as one of its greatest strengths? The answer to the question lies in the connection between whiteness and capitalism. In his influential book *Modernity and Whiteness* (2019), the Marxist philosopher Bolívar Echeverría proposes a new way to understand how capitalism, class, and whiteness are profoundly connected to one another. To shed light on this relationship, Echeverría uses Max Weber's interpretation of the origins of capitalism, reviving an overlooked racialized argument present in Weber's analysis. In *The Protestant Ethic and the Spirit of Capitalism* ([1930] 2013), Weber argues that the origins of capitalism are tied to the cultural and social transformations that Protestantism, particularly Calvinism, introduced in northern Europe. This religious identity radically transformed how people perceived labor and time, turning hard work, rational productivity, and a thrifty lifestyle into powerful symbols of a righteous and pious existence. Over time, the frugal conduct and the fervent devotion to work gave birth to new understandings of social and economic relations. This in turn generated new habits, a novel social nature that compulsively sought to expand individual financial resources at all costs, first as a sign of god's call – almost as a form of direct communication with the divine world – and later as an integral part of the rationality of the modern capitalist subject. In short:

The “spirit of capitalism” consists of the demand or request made by modern practical life, based on the capitalist organization of the production of social wealth, for a special mode of human behavior and for a special kind of humanity, capable of adapting to the demands of increasingly improving the functioning of capitalist life (Weber [1930] 2013, 38)

This common interpretation of Weber's work is expanded upon in Echeverría's analysis. The latter notes that Weber hints at a connection between the racialized identity of those Northern European subjects who produced the new spirit and the economic system itself: “In the preliminary note to his *Sociology of Religion*, Weber suggests that the ability to correspond to the ethical request of capitalist modernity, the capacity to assume the ethical practice of Puritan Protestantism, may have had an ethnic foundation and been

connected to certain racial characteristics” (Echeverría 2019, 39).

It is this argument that leads Echeverría to propose a new understanding of the origins and present condition of capitalism. The communities that created this economic system perceived themselves as constitutive of the system. In other words, capitalism could not genuinely thrive and expand without the white bodies that created it; the existence of each depends on the other. Over time, however, the strong ethnic-racial component of the relationship – the white epidermal schema – was morphed into a spirit. Its racialized origins still overdetermined the latter, but its new ethereal condition opened the possibility for those subjects who lack a white epidermal schema to acquire it via modern capitalist practices, nevertheless. It is this process that transformed an overreliance on the white epidermal schema into an attainable cultural and social condition. “We can refer to ‘whiteness’ as the visible aspect of capitalist ethical identity insofar as it is overdetermined by racial whiteness—a racial whiteness that relativizes itself when exercising that over-determination” (Echeverría 2019, 42). Whiteness hence became an obtainable social identity that allows non-white subjects to claim a modern capitalist existence.

Whiteness as a spirit is expressed in the practices, postures, dispositions, and worldviews that subjects internalize and naturally manifest in daily life. The spirit of whiteness follows the same limited democratic stance present in capitalism, in which if people accept the civilizing premises of the system, capitalism accepts everybody. The relativization of the importance of the white epidermal schema generates a degree of openness.

Notwithstanding, this is a tolerant racism, willing to (conditionally) accept a good number of racial and “cultural” alien, foreign, or “strange” features. However, no matter how “open” it may be, this identitarian-civilizational racism does not cease to be a kind of racism, and can easily readopt virulent radical or ethnic fundamental expressions. (Echeverría 2019, 42)

The intrinsic racism of whiteness operates not exclusively via the epidermal schema but rather via the attitudes, appearance, and worldviews that demonstrate an internalization of the spirit of capitalism. Echeverría argues that the intrinsic racism of whiteness is commonly subdued by its civilizing status. However, whiteness “is always willing to resume its protagonist role and tendency to discriminate and eliminate the Other [...]. Mass media do not grow tired of reminding everyone in a slyly threatening way of the fact that whiteness [the white epidermal schema] lurks underneath whiteness.” (Echeverría 2019, 44)

The above analysis offers a powerful tool to understand how whiteness operates in everyday relations in Latin America. The modern spirit of racial capitalism allows everybody to “whiten” themselves via consumption practices and wealth accumulation. The possibilities of living in a more expensive neighborhood, attending a more costly school, wearing fancier clothes, traveling to more extravagant destinations, owning a pricey car, and eating in upscale restaurants, among many other habits, permit individuals to become whiter than other family members or peers. However, the spiritual condition of whiteness and the class dynamics that allow a degree of racialized fluidity among most class groups lose their ethereal condition at the top of the class system. Among these groups, the racial spirit of capitalism regains its overreliance on the epidermal schema. The upper classes based their privilege and deserving social identity on a system that works over class and racialized principles. Like the early capitalist communities in northern Europe that Weber describes in his work, economic elites in Latin America articulate a strong connection between their white epidermal schema and their privileged material condition, such as if one were the extension of the other. Thus, poverty is also viewed as the result of the lacking conditions of black and indigenous epidermal schemata.

Final thoughts

This text has used recent qualitative work on the study of elites to question the widespread notion that the Latin American mestizaje/mestiçagem model created a flexible and inclusive system where ethnic-racial notions do not influence the distribution of resources. My work does not seek to deny the possibility of a certain degree of racialized fluidity among sectors of the working or middle classes in the region. Nor does it seek to argue that the Latin American reality follows the same patterns as that of the United States, much less to suggest that the latter is better than the former or vice versa. Likewise, I do not wish to situate the study of ethnic-racial dynamics in isolation. Rather, this article sought to question the self-celebratory narrative of mestizaje, which erases any discussion of whiteness, racialized hierarchies, and their link to class structures.

Against the grain, the essay emphasizes the need, even the urgency, to study class inequalities and

ethnic-racial relations as a process that acts in tandem. When these two dynamics are analyzed in a *studying up* framework, we can see the *humble* and *privileged skin tone* that populate Latin American class hierarchies. The first is associated with the world of the popular, of the working classes, and of those who are commonly seen as non-white. The second is the world of the upper classes, who articulate their prestige through notions of morality, as well as their white ethnic-racial status; the higher up the class analysis goes, the more this relationship is consolidated. As mentioned above, Latin America is not the United States, and it is possible to find non-white subjects among the national elites. However, when these cases are followed for a long time, one can see the marriage strategies of whitening the offspring, who end up possessing both the economic resources and the whiter epidermal schema necessary to belong.

The discussion about who has a humble skin tone and who has a privileged one does not refer to a mere aesthetic element, as is commonly presented in the mass media. It is also not a discussion that is only pertinent to the racialized US reality, as many Latin American intellectuals commonly portray it. Instead, the great Latin American problem lies in how the symbolic and material universe of subjects with humble skin is associated with elements of little value and, consequently, with exploitable, contaminable, and expendable individuals and communities. Meanwhile, the white universe is a world that requires care and protection because it is a good of great value but scarce quantity. The extensive interest (pathological, according to Guerreiro Ramos, 1957) of researchers in non-white groups seems to have effectively hid the white racialized category and obscured the ideological effects that it generates on the distribution of material and symbolic resources. Examining the large class inequalities and wealth accumulation that most Latin American societies experience is an urgent task. However, doing so without paying attention to how class hierarchies are also intimately linked with racialized perceptions – particularly how a white racialized identity and its ideological reverberations operate in daily life – only generates an incomplete understanding of Latin American social inequalities. Without incorporating a racialized perspective into the analysis of material relations, our studies will remain stuck in the delusional world of mid-20th-century “racial democracy.”

Endnotes

- 1 Interview with Marleys Meléndez Moré, Guadalajara, October 6, 2022.
- 2 Because of the limited space, I cannot address the relationship between class dynamics, gender, and ethnic-racial notions. On this topic, see Cerón-Anaya 2019.
- 3 However, I did hear accounts of tensions between affluent immigrant Asian communities and some clubs. This was never the

case regarding European immigrants, who were accepted in all the clubs I heard of in Mexico City.

- 4 Frantz Fanon (2008, 84) coined the term epidermal schema to explain how skin and eye color, hair texture, the shape of the nose and lips, as well as body fat, are commonly used to organize subjects into groups that apparently have common long-term biological and social characteristics in common.

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Choosing schools, choosing (adult) friendships

National language, progressive self-fashioning, and social envy among Brazilian and Puerto Rican elites

Ana Y. Ramos-Zayas

She discovered with great delight that one does not love one's children just because they are one's children but because of the friendships formed while raising them.

—Gabriel García Márquez, *Love in the Time of Cholera*

Drawing from extensive ethnographic research among upper-class parents affiliated with private schools in Brazil and Puerto Rico,¹ I argue that upper-class parents viewed school choice not only in terms of aspirations for their children but as a reflection of therapeutic, personal growth projects and forms of self-cultivation and self-fashioning to which they themselves aspired. Not unlike middle and upper classes throughout the world, school choice among parents in the neighborhoods of Ipanema in Rio de Janeiro, Brazil, and El Condado in San Juan, Puerto Rico, indexed political and religious leanings, language ideologies, and intergenerational aspirations.² However, these very choices were intricately connected to the

parents' efforts to resolve the social contradictions in their lives as members of racial and classed elites in two of the countries with the highest levels of inequality in the world. Schools were sites of friendship and social network building, as well as of an elite growing interest in psycho-spiritual projects of the self. Rather than reflecting an orientation to one's children, school choice was, ultimately, about who the parents wanted to be or become. Friendships among upper-class parents were enmeshed with moral distinctions about the relative worth of people, explicitly in terms of class and implicitly in terms of race and competing definitions of a good life and a moral economy of privilege. In this sense, Gabriel García Márquez's quote above is fitting as a point of departure.

While most psychological literature and lifespan models have focused on adolescence as the most rapid and active period of identity development, an equally powerful investment in identity – an “adult identity” – takes place in adulthood, largely forged around parenting practices and ideologies. Parents' desires for the cultivation of adult friendships and psycho-spiritual goals figured prominently in the school choices that Ipanema and El Condado parents made, based not only on their aspirations for their children but also on the psycho-spiritual, cosmopolitan, and “progressive” identities they wanted to cultivate for themselves and present to others. Ultimately, school choice was suggestive of an inherent ambivalence that the Ipanema and El Condado upper-middle class harbored and an inclination to belong to a parenting friendship group that reflected their sense of self as “good people” who possessed a neoliberal orientation toward “diversity” and “inclusion.”

School choice fostered discussion about the value of religious versus secular education, native-language education versus English-dominant instruction, and ways to “poke the bubble” of their privileged children, as I examine in this essay. Moreover, I discuss the increased circulation of a language of “diversity,” “multiculturalism,” and “inclusion” that is associated with a US identity politics model. I consider how parents in Ipanema and El Condado adopt this neoliberal language, albeit with ambivalence, trepidation, and emotional discomfort, to associate their wealth with morality, progressive politics, and cosmopolitanism. Finally, I examine the strategies that wealthy parents deployed to introduce their children to socially mixed contexts, and the counterintuitive “social envy” those strategies generated among urban Latin American elites. I argue that these discursive, ideological, and affective perspectives on which Brazilian and Puerto Rican elites framed their choice of schools served as the building blocks to therapeutic cultural projects of self-cultivation which wealthy parents deployed to re-

cast structural social inequality in light of a moral economy of privilege this is how they associated school choice and adult friendships with understandings of themselves as “good” or “moral” people.

Parenting ideologies, languages, and social networks of elite schooling

There was a small universe of schools that Ipanema and El Condado parents considered suitable for their children. In El Condado, they consisted of about five schools where the wealthy parents or other family members had attended; in the case of Ipanema, the group of schools was equally small, but they reflected pedagogical preferences, not family legacy status. Among parents in both elite Latin American neighborhoods, the process of school choice pointed to the heterogeneous dispositions and subjectivities within the upper class, its disagreements and hierarchies, and the different orientations toward national sovereignty, cosmopolitanism, and the psycho-spiritual self. Parents went beyond rational analyses of college placement, course offerings, and class size to focus on a sense of familiarity, affinity with the school culture, and perceived similarity of values in their choice of school. Even families who occupied the same socioeconomic position made very different school choices according to a constellation of values and a series of subjective elements that reflected these parents’ largely cultural and idiosyncratic positions.³ While “progressive” parents in global urban centers in the United States and Europe typically seek public (state-supported) schools where their children could come into contact with a “good mix” of people across class and race lines, not one single family in El Condado or Ipanema considered public school a viable option for their children; in fact, in Brazil and Puerto Rico, only the very poor or low working class – those who couldn’t even attend a low-tuition religious school, in fact attend schools run by the state. Notwithstanding the unanimous choice of Catholic and secular private schools, Ipanema and El Condado parents insisted that they wanted their children to learn to “be comfortable” among different types of people. Stories of emotional discomfort and awkwardness in socially mixed spaces raised questions for parents about how to help their children “work through” that discomfort.

School selection criteria highlighted how nation-state projects were narrated in El Condado and Ipanema as a function of elite school affiliation and the psycho-spiritual goals of the parents making these school choices.⁴ There were three criteria for school selection common to Ipanema and El Condado: moral and pedagogical ideologies (e.g., religious versus secular, progressive versus traditional), language of instruction, and about becoming parents who were interested in “poking the bubble” of privilege in which their children lived.⁵

“Spiritual but not Religious”: Altering religious tropes in Latin American elite school selection

Silvana Villela Mattos constituted part of a cultural and social Ipanema elite whose material wealth was rendered legible through presumably altruistic goals for their children. Silvana wanted her child to be concerned with social justice and an agent of global change, to rely on “his own merits and efforts,” and to

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develop personal and educational strategies to be happy, fulfilled, and successful. Like other Ipanema parents, Silvana talked about her decision not to send her son to the “elitist” Escola Britânica: “Could we have afforded the Escola Britânica? Yes. But we didn’t want to raise the kind of child who feels entitled to go skiing three times a year, and talks about the hotel in Aspen and skiing equipment with great familiarity. The families in Escola Britânica go on those trips just to be inside a hotel with other Brazilians. They are not connecting with the local surroundings. Ultimately the question becomes: Who do you want as friends?” Parents were, either intuitively or explicitly, aware that excessive elitism or setting rigid social boundaries around themselves would weaken the forms of symbolic and cultural capital through which they signified their material wealth as moral and cosmopolitan. Yet, for Silvana another critical aspect of school choice had to do with her approach to spirituality as increasingly

detached from conventional religious affiliations. She noted:

Since César [her husband] is Jewish, we did not want to choose any of the possible Catholic schools near Ipanema. That would leave us with [Colégio] Corcovado, a secular German school, but between César's Jewish identity and my own Polish background, that seems like a crazy joke. For us, the only acceptable school was Escola Parque, which has a constructivist, secular orientation. Just because it is secular doesn't mean that it doesn't have values. It is that the values of the families there are more about being human beings, caring about the environment, not being wasteful or consumption-driven. The parents at Parque are more concerned about becoming their best selves, and inculcating those aspirations in their children, and the school fosters that.

Silvana's choice of school, while driven by her husband's Jewish identity, ultimately was also about shifting concerns with school choice away from the consumption-driven practices she associated with flashy, wealthy parents at the Escola Britânica, toward schools where parents favored self-cultivation and a non-Catholic psycho-spiritual orientation.

Being critical of the Catholic Church and Catholicism in general was considered a sign of cosmopolitanism and expansive worldview, as shown in the following conversation with Liliana González Padín and her husband, Raúl Bustillo, residents of El Condado whose children attended St. John's, a secular private school in the Puerto Rican neighborhood.

LILIANA: We grew up Catholic, like everyone here. But once we went abroad [to college in the US], we had friends from all over the world, from India, China, other parts of the US. We met Jews, Hindus, Buddhists.

RAÚL: St. John's, being a secular school, draws parents who are more cosmopolitan, more global, who are spiritual, yes, but not in that mainstream Catholic way. You have your typical American ex-pats, but you also have Puerto Rico-born generations of Hindus, Chinese – jewelers, owners of those Chinese restaurants, ice cream places. And you have a huge Jewish community. It is a Puerto Rico that you don't know exists when you attend regular Catholic school. It is the multicultural Puerto Rico, multiethnic. They don't become 100% Puerto Rican either, because St. John's doesn't promote that. It is more generic. You don't have a nationality. You also have more of the sophisticated Puerto Ricans.

A common remark among El Condado parents, like Liliana and Raúl, was that Puerto Rico tended to be perceived as ethnically homogeneous, and that they had come to experience "true diversity" when they

had lived or studied in the United States. The choice of the secular St. John's School was not only a way of challenging historical associations between Puerto Rican elites and Catholic education but also a way of reframing one's elite status as a global, cosmopolitan individual. Worth noting, moreover, is the generalist Orientalist focus; while the largest non-Puerto Rican population on the island consists of immigrants from the Dominican Republic, cosmopolitanism and school belonging in St. John's do not apply to Dominicans, who are generally viewed as poor and racialized populations in Puerto Rico. Rather, there is an almost Orientalist leaning in how Liliana and Raúl come to value diversity. Like many other parents, both in El Condado and in Ipanema, St. John's School parents had been drawn to Eastern religious practices and philosophies in their personal self-cultivation and personal growth projects.

Regardless of how anticlerical and admiring of Eastern philosophies Brazilian and Puerto Rican upper-class parents were, however, they were not entirely opposed to the Catholic Church or Catholicism. In this regard, they tended to be like most Latin American elites everywhere, even the ones most invested in modernizing projects. Like the Argentine elites studied by Victoria Gessaghi (2020), political elites in Brazil and Puerto Rico never considered it necessary to eliminate the church-state union. Catholicism, and Catholic schools, stressed the contradiction between money and values, and the Catholic focus on gratitude appeared to be a common way in which parents addressed that conflict. Presumably, God or destiny gave some people a lot and others nothing, and those who got a lot needed to be grateful and give back in the form of community service or being aware and appreciative (Howard 2013). In fact, an equal number of parents in El Condado and Ipanema chose Catholic schools.

Parents viewed community work as formative events that shaped their children's inherited wealth to conform to specific moral requirements, even if this "service work" in fact required no contact or minimal contact with "the needy." Parents wanted schools that helped them, in a sense, become a modern type of *noblesse oblige*, individuals who had a social responsibility and cosmopolitan orientation and whose children developed specific "ethics" and "ethos" about their future role in their communities, nations, and the world. This was how an almost inevitable engagement with race and racialization practices, long avoided, undermined, disregarded, and altogether invalidated by the white Brazilian and Puerto Rican elites, came to acquire nominal and even strategic salience at the intersection of parenting cultures and everyday forms of sovereignty.

Fernando Coutinho Leite and Gabriela Braga Vellozo, an Ipanema couple and parents of a student who attended Colégio Santo Agostino, an elite Catholic school near the Ipanema-Leblon border, remarked that “in Brazil, it is very common to be Left and liberal in terms of politics, but to be more conservative in terms of religion. These are very common contradictions in our society, particularly among the upper classes. They get married in church, baptize their children, but rarely go to mass.” Gabriela added, “Santo Agostino has a strong sense of social commitment. They maintain a crèche at Jardim de Allah [poor community] and are always raising money to help the children there. The older students travel to the North of Brazil, where the school also supports poor communities. A student from the school even founded an NGO to construct a school in the Amazonian region. The Catholic school has a Left political leaning and had a strong role during the military dictatorship.”

Through various religious orders, the Catholic Church in Puerto Rico and, to a lesser degree, in Brazil took on the education of the children of upper and middle classes through a network of schools that range in levels of prestige; in Puerto Rico and Brazil, only the poorest and lowest working-class families attended public schools. The choice between secular and religious (which always meant Catholic among my interviews in both Ipanema and El Condado) was less about a dogmatic approach to Catholicism or a secularist rejection of religious education than about parental perspectives on a form of Third-World cultural (rather than dogmatic) Catholicism and projects of the self; in some ways, this choice solidified Catholicism as a national religion, while allowing parents to be selective about which aspects of the religion to integrate into their own familial practices and psycho-spiritual goals. Whether secular or religious, upper-class urban parents chose schools based on psycho-spiritual directives that tacitly configured privilege and inequality in terms of feelings of gratitude and noblesse oblige. These values further contributed to the cultivation of interiority currency⁶ and would, in turn, bestow on the parents and children a level of social responsibility expressed through charity and community involvement. Parents in Ipanema and El Condado, and possibly in other progressive upper-class neighborhoods across Latin America and beyond, enlisted elite private schools not only to meet familial intergenerational social reproduction goals but also as institutions that affirmed parental self-cultivation and self-fashioning objectives; therefore, school choice becomes associated with less evident forms of capital not only (or primarily) for students but for wealthy parents invested in foregrounding their cosmopolitanism and emotional depth.

Defetishizing English: A Latin American elite's anti-imperialist critique

While we waited for our falafel sandwiches at a trendy Middle Eastern café near Carlos Varela's Silicon Valley-style office near El Condado, I asked him, the executive director of an educational nonprofit in Puerto Rico, what he felt were the things that, as a father, he would most like to teach his son. I found Carlos's answer a bit unexpected. Almost choking, he stated, “For me the most important thing is that he learns Spanish really well. I want him to feel very proud of being Puerto Rican.” I was taken aback, not only by his response, but by the evident emotions this evoked in him.

Paula Pelegrino Da Costa, an Ipanema mother of two college students, had worked at Rio de Janeiro's Escola Britânica, an international school considered highly selective but also associated with Barra da Tijuca, an upper-class area of gated communities who Ipanema residents disparagingly referred to as “the Brazilian Miami.” Paula noted that the few Ipanema parents who had maneuvered to get their children into Rio de Janeiro's international schools often ended up transferring them to the constructivist Escola Parque or the elite Catholic school Santo Agostinho. “Why is that?” I asked. Without hesitation, Paula responded: “Because they realized that the Portuguese language is very important to them, as Brazilians... The main concern of Ipanema parents is to get their children ready for a type of presence in the global world. But there is another side to this. I've known many parents who are at first adamant about a bilingual education, but, once they realize the Portuguese language will suffer, they change their mind. They end up seeking a traditional Brazilian school where Portuguese is the primary language of instruction.”

Numerous studies have claimed that Latin American elites place a premium on English language instruction as a leading globalization, cosmopolitan, and social reproduction tool (Piller and Cho 2013). However, while all parents in El Condado and Ipanema expected their children to learn a second language, with English often being the preferred one, they were just as concerned about their children learning a “proper” version of their native language, Spanish or Portuguese, respectively.

Among many Ipanema parents, what they viewed as the “fetishization of English” was associated with a business or economic elite with questionable intellectual curiosity, psycho-spiritual dispositions, and other forms of non-economic symbolic capital.

That business and economic elite was considered in contradistinction to what many Ipanema parents called an *elite intelectualizada* (cf. Windle and Nogueira 2015). The Brazilian elites in Ipanema did not seek to position themselves within a global field of power defined by US hegemony as much as they sought to confirm their power domestically, in everyday ways that focused on cosmopolitan ease, as well as privileging national sovereignty and civic leadership. Importantly, the undemocratic nature of access to English, or any second language, in Brazil – the fact that 80% of the Brazilian middle class speaks only Portuguese – was reinforced by this elite through the provision of English almost exclusively in extracurricular language courses. Nevertheless, maintaining local sovereignty required a classed and racialized insistence on having children who spoke “proper” Portuguese.

Moreover, and while privileging “proper Portuguese,” Ipanema parents would only value communicative knowledge of English when speakers possessed total fluency and a correct accent; that is, a strong Portuguese-accented English was often the object of ridicule.⁷ Likewise, in Puerto Rico, US-raised and return Puerto Rican migrants – people who had lived in working-class urban neighborhoods in the United States – were also fluent in English. However, while this could have rendered English fluency an ineffective status marker in Puerto Rico, the opposite was true: for English to carry symbolic capital, it had to be close to a standard English with no trace of classed or racialized – “ghettoized” – origins. Ultimately, these Ipanema and El Condado parents considered English valuable provided it was spoken in a standard form and did not interfere with one’s ability to speak “proper” Portuguese or Spanish. Thus, while everyone valued English as a secondary language, there was an equal, if not greater, value placed on the national languages as elite symbols. In a few cases, especially among Ipanema parents, the emphasis was as much on learning English as on knowing any other second language beyond Portuguese; several parents had considered German-language schools, for instance, and many others signed their children up for Mandarin or French programs.⁸

Among the Puerto Rican upper and upper-middle classes in my ethnography, the English language was a symbol of both status and undesirable (colonial) assimilation to the United States. The upper- and upper-middle-class individuals I interviewed in Puerto Rico felt they had inherited the experience of US racialized Puerto Ricans. A focus on “proper Spanish,” for them, was intended to struggle against those racialized US-based images, as Spanish became almost a practice of ethical self-conduct to fashion themselves an interior space of reflexive selfhood. Perhaps more

than any other context, schools provided not only institutional spaces of linguistic performance but also spaces where upper-class anticolonial critiques were forged, particularly among self-fashioned progressive elites in El Condado.

“Race talk,” multicultural self-expression, and shades of whiteness

Notwithstanding academic perspectives that suggest race is not a topic of discussion among Latin American elites (Sheriff 2001), school choice and parental self-fashioning were fraught with conversations about race and color, the need to teach children about adequate “racial talk,” and expressions of white privilege through perhaps unorthodox racial aesthetics pursuits. Rather than viewing race as something they identified exclusively in darker others, the upper-class individuals I met in El Condado, and to a lesser degree in Ipanema, were constantly assessing, managing, and discussing degrees of whiteness and blackness in themselves, in their school friendship groups, in their extended families, and in relation to their children. In fact, Latin American white elites articulated racial privilege as *the privilege of racial choice and malleability*, not necessarily a pretense that race did not matter. This was not a version of the “mulatto escape hatch” (Skidmore 1993) or a recrafting of national mythologies of “racial democracy” typically associated with both Brazil and Puerto Rico (cf. Velho 2008). Instead, wealthy parents in Ipanema and El Condado examined their own friendship groups in relation to how these personal networks perceived racial and social inequality and engaged with whiteness. This was manifested, for instance, in how parents crafted ways of “being white” that offer a range of choices about how to “be white” and what that meant for their racial privilege across various scales, including the neighborhood, the region of the country, the nation, and transnational or global referents.

An El Condado resident who was the mother of two sons who attended an elite Catholic school, Maru Ramírez de Arellano had undergone a radical transformation from her adolescence through her mid-forties. While she explicitly described this transformation in relation to personal growth and interiority currency, at the level of the body this transformation was most evident in photos, including those in her high school yearbook. Those closest to Maru knew that she had had a nose job and chin and cheekbone implants, making her face more elongated and narrower, and a breast implant that highlighted considerable weight

loss. This was neither a big secret nor a source of gossip; it was just part of Maru's life in her post-high school decades. She had also strengthened and highlighted her previously curly dark hair. Maru was not a brown-skinned person aiming for a white aesthetic, but a white person aiming for a more stereotypically "Euro-American look."

Maru pursued Latin American white privilege through aesthetic projects that could be situated in a broader context of a renowned Puerto Rican intergenerationally wealthy family, which included her parents and three sisters, whom I got to know well over the time of my fieldwork. Over the years, I witnessed how preferences and affective attachments circulated among the Ramírez de Arellanos. While it would be impossible for me to attribute definite favoritisms to differences in each family member's race or color, I did know that Maru felt her other sisters were the respective favorite daughters of her father and mother because they were, in Maru's mind, more conventionally attractive and successful. By undergoing an array of cosmetic procedures, Maru in fact looked more like her sisters. Maru was not the only, nor even the most dramatic, example of these racial aesthetics. Among El Condado and Ipanema parents, Maru represented one of several cases on how cosmetic surgery intersected with gendered and racialized expectations of beauty; a recasting of privilege not as whiteness but as racial choice; and a repositioning of race and wealth in the realm of affective and familial perspectives on race and colorism among wealthy Latin American elites.

In reference to Afro-Brazilians in Salvador da Bahia, Elizabeth Hordge-Freeman (2015) notes that "the unequal distribution of affective resources in families leads to differential experiences of support, love, and encouragement, which has a lasting impact on one's life chances. ... Racial hierarchies in families lead to an unequal distribution of emotional resources and differential family interaction that influence perceptions of support, love, competency, and belonging" (Hordge-Freeman 2015, 131). The structural or material consequences of racial choice for Maru were not equivalent to those of the Afro-Brazilians Hordge-Freeman describes; however, the focus on race as the lens through which Maru engaged in perspectives on affective and family belonging were similar.

While I would have considered most, if not all, of the Ipanema and El Condado parents I met as white by local colorism standards, only some of them felt they would qualify as white on a global scale or in Global North racial logics. Focusing on the plight of Brazilians who are "white but not quite," Patricia de Santana Pinho examines how racial ambiguity is projected onto people's faces, hair, and bodies, thus transforming their whiteness into a mobile intermediary

position, which "sometimes moves up and sometimes moves down in the racial stratification of Brazil's pigmentocracy" (2009, 40).

Zaire Dinzey-Flores presents a "dynamic situational model of racial binaries" as a framework to highlight that deploying binaries in everyday social encounters in Puerto Rico is not inconsistent with the idea of the continuum.⁹ In Dinzey-Flores's compelling analysis, these are spontaneous binary distinctions with a singular color line; in this sense, a "panchronic structure of race in Puerto Rico may be continuous, but the synchronic elements are constituted through binaries" (2006, 11; cf. Cerón-Anaya 2018). White Puerto Ricans are likely to spend the sum of their "binary" experiences on the nonblack side without difficulty or challenge. Maru's approach to race as something that could be "chosen" or somehow manipulated was emblematic of the racial aesthetics of the upper class, the privilege of racial malleability, and a "racialization of class" dynamics (Cerón-Anaya 2018). Wealthy parents' memories of their own schooling and school-based choice of adult friendships often solidified class and racial privilege through a cosmetic approach to Latin American whiteness which, in turn, deliberately contributed to producing an embodied racial logic devoid of structural or political economic grounding.

Maru often remarked that one of her sons was "the darkest one" in his elite Catholic school. Being the "darkest one" in such a school context, however, meant being the "least white" student, not being a non-white student; it would be highly unlikely that her son would experience racial discrimination or structural marginalization because of his skin color. So why the focus on what she views as her son's limited whiteness? Statements like "aquí no hay nadie feo" ("nobody's ugly here"), a comment Maru made in reference to her observation that all the families at a school event were light-skinned, exemplified moments in which "attractiveness" as racial talk focused on aesthetics to allude to the nature of race and racism in relation to whiteness.

Unlike other Ipanema parents who explained anti-Blackness in Brazil by deploying intellectual narratives circumscribed to a national history of slavery, Vera Ferreira de Oliveira, a mother and Ipanema resident in her 40s, attributed a change in the public language of race to an understanding that not being proficient in racial talk was associated with being *antiquado* (dated or passé) or not cosmopolitan. In fact, the aesthetic approach to whiteness noticed in Maru's case dovetailed with how the wealthy progressive parents in my ethnography engaged with neoliberal multiculturalism as a cosmopolitan language; particularly in Puerto Rico, these wealthy parents expected to teach

their children “racial talk” and about global multicultural practices as a way to prepare these white Latin American students to deal with the racialization they were presumably likely to face once they attended college in the US.

As Omar Tartak, a Puerto Rican-Lebanese parent whose son attended a secular private school in El Condado, noted: “In high school, race or racism were never talked about. Because here in Puerto Rico there’s a denial of racism and because race is more fluid in general. I only came to hear those discussions [about race] in college [in the United States].” In Puerto Rico, the concept of *estudiar afuera* (study abroad) was entrenched enough in elite parenting culture, US colonial relationships, and popular conversation that there was no need to specify that “abroad” meant the United States.¹⁰ El Condado families viewed going to college or seeking temporary work opportunities in the United States as moments when their children’s bubbles would definitively be poked, as they would be presumably considered “minorities,” labeled “Hispanic,” or identified as “people of color.” Like El Condado and Ipanema parents, Omar had encountered Latin American elites of different nationalities while living in the United States. Perhaps unlike other Latin American elites, however, Puerto Ricans had stories about having their Latin Americanness questioned or their Spanish ghettoized by most South American and even Central American elites. Puerto Rico’s political status as a US colony limited economic agency in the geopolitical region, and distinctions in how prestige was differently disbursed to the “Caribbean” versus continental “Latin America” also shaped Omar’s experience.

Choosing schools that confirmed their understandings of whiteness and their interest in navigating the world of US identity politics and neoliberal multiculturalism with ease revealed some of the subjective aspects that forged adult friendships among wealthy parents across the variety of elite schools I considered in my fieldwork in El Condado and Ipanema.

Poking the bubble: Social envies, emotional discomfort, and mixed-income experiences

Notwithstanding the unanimous choice of elite Catholic and secular private schools, Ipanema and El Condado parents insisted that they wanted their children to learn to be comfortable and at ease among “different types of people” and in different social contexts. Stories of emotional discomfort and awkwardness in socially mixed spaces raised questions for parents about how to help their children “work through” that dis-

comfort. El Condado and Ipanema elites chose adult friendships that would support their goal of raising children who were conversant with issues of inequality, diversity, and multiculturalism, while known to navigate encounters with social “difference” and who dared to be “uncomfortable” in pursuing such social ease (Gaztambide 2009; cf. Khan 2010).

In her discussion of entitlement among wealthy New York parents, sociologist Rachel Sherman (2017) identifies two strategies that parents deployed to demand that children behave appropriately and treat others as equals: a “strategy of constraint,” which sets limits on consumption and behavior, and a “strategy of exposure,” which made children aware of their advantage relative to others. Versions of these strategies resonated with how Ipanema and El Condado upper classes resolved tensions around being an elite in countries where drastic inequalities and poverty were endemic to everyday neighborhood landscapes. While these were goals the parents had for their children, they were more than that: having children who ventured into experiences and spaces of social discomfort was grounded in premises around a US psycho-scientific language of “emotional intelligence” (Mayer, Salovey, and Caruso 2000) and inner-world dispositions that parents associated with their own self-fashioning as “*personas sencillas*” or as individuals invested in emotional “*afinidade*” in their relationships in El Condado and Ipanema, respectively.

I witnessed frequent gestures toward what Allison Pugh (2009) terms “symbolic deprivation,” the strategy to manage children’s consumption, as a function of upper-class parents’ own anxieties over the desire to raise good people who treat others well, consume reasonably, and locate themselves appropriately in social space. These parents, for instance, were careful not to come across as arrogant or individuals who spoiled their children. Fernando Coutinho Leite, the father of a Colégio Santo Agostinho student, remarked that he would never take his child’s side against a teacher, because he wanted to create a sense of “*afinidade*” with the teacher; instead, he would view his role in settling student-teacher disagreements as one of “educating the teachers about who his child is as an individual, psychologically, affectively, and emotionally.” These parents were often successful in pushing schools to consider the latest methods, philosophies, and neuropsychological/pedagogical research, and to treat their children in alignment with their views on emotional depth, anti-consumption elitism, cognitive diversity, and global pedagogical trends.

Ultimately, a question that emerges in these attempts to “poke the bubble” of hyper-indulged children might be: Why were Ipanema and El Condado elites so concerned with pushing themselves and their

children toward experiencing the “emotional discomfort” that they associated with social interactions across class (and race), endemic to pushing the boundaries of homogeneity? In theory, the Latin American and Caribbean elite parents at the center of this ethnography could have continued to ignore the poor and dark, the marginalized or those “below,” and just carry on with life in socially segregated, homogeneous circles, as many Brazilian and Puerto Rican elites in fact did by moving to gated communities (Dinzey-Flores 2013; Ramos-Zayas 2020). Presumably, such homogeneity could continue to bestow the comfort of familiarity and like-mindedness. Upper-class Ipanema and El Condado parents, however, frequently mentioned that being emotionally indulgent or overly protective of their children would limit not only their children’s “understanding of the world” but also their own personal growth goals as adults and parents. In the few instances in which parents succeeded in poking their children’s and their own social bubble, however, they faced unexpected and perhaps counterintuitive unease, as I now discuss.

Fractured adult friendships: Rich jealousies and social envy in income-mixed experiences

In the exceptional cases in which intimate relationships developed across class lines among parents in Rio de Janeiro and San Juan, these relationships evoked “social envies” (Hughes 2007). The directionality of these envies, however, might seem counterintuitive. Through the conceptual framework of social envies, Hughes discusses how envy among individuals at the bottom of the class structure can have important political stakes in social change. Hughes’ model assumes that social envy is unidirectional, from the poor or socially marginalized toward the wealthy. However, in increasingly competitive parenting contexts, characterized by opportunity-hording in social, educational spaces and various levels of institutional commitments to “diversity,” and an increased level of capital attributed to being “self-made” rather than having inherited wealth, the envious gaze was frequently reversed: from the wealthy to the lower classes.

Alejandra Rodríguez Emma, an El Condado resident whose children attended an elite traditional Catholic school, took great pride in her ability to have friendships “from all social backgrounds.” From such relationships she had developed her own sociopsychological theories about how the poor’s self-presentation clashed with how her wealthier friends described those populations. More significantly, and perhaps

less expected, was Alejandra’s anxiety when she realized how her privileged son falls outside a valued meritocratic discourse:

There is a mom at [son’s school], Marisela Pabón, whom other parents consider an *arrimá* [social climber] and *come-mierda* [snobbish], but I know the background. Her and her husband’s entire salaries go to pay tuition and swimming classes for their daughter. The girl is really smart, responsible, motivated, a ranked swimmer. ... The other day, I called this woman’s house because my son had forgotten the English homework, and I wanted to get it from her daughter. The girl was asleep, and the mother tried to read the English homework to me. I couldn’t figure out one word she was saying, because her English was that bad. I told her to tell her daughter to call me later with the homework. But you know what occurred to me? Who would Harvard want [to admit]? A kid like my son whose parents went to college and grad school and are still calling someone else to get the homework he forgot, or this girl who is in his same school but comes from those other circumstances and had to overcome obstacles and is still thriving?

It is important to note that Alejandra was not suggesting that her son and his working-class classmate deserved the same opportunity for an Ivy League slot. Quite the contrary. To Alejandra, the social envy emerged because it made perfect sense that Harvard, as a proxy for elite US education, would choose a mature, self-sufficient girl from a working-class background over her son who, despite having all possible material resources and social capital, still needed his mother to call about his homework. Like other upper-class parents, particularly in El Condado, Alejandra was drawn to other people’s rags-to-riches life stories, which she could not reproduce for her own children.

The dynamics of status-bridging relationships have broader implications for processes of social segregation and the reproduction (or intensification) of social inequality. When managing these friendships, people try to resolve structural contradictions at the micro, everyday level. In contexts of mixed-income friendships and close acquaintances, Ipanema and El Condado parents encountered and handled not only economic inequalities but also moral dilemmas around deservingness, the lure of meritocratic narratives, and the consequences of having raised sheltered and privileged children who often lacked basic life skills. Social envy among the Ipanema and El Condado wealthy acquired concreteness through processes of “intensive parenting” or “concerted cultivation” (Lareau 2011). School-based adult friendships, while overwhelmingly homogeneous, admitted some level of social porosity along class and racial lines; however, rather than creating adult solidarity across class or

race, they ultimately raised anxiety and social envy among wealthy parents who feared that their children lacked the drive, resilience, motivation, grit (and other terms conventionally associated with the psychological language of “emotional intelligence”) that they saw or assumed in working-class or darker skin families.

Final remarks

Private schools were an important incubator of adult relationships in Rio de Janeiro and a foundation of class identity and enduring social networks in San Juan; as such, private schools provided institutional grounding to always-changing strategies of social reproduction among Latin American and Caribbean elites. A relatively small number of elite schools produced, transformed, and translated, in contradictory and diverse ways, family histories, racial aesthetics, and social connections upon which adult friendships were forged among Latin American elites. Self-fashioned as “progressive” and cosmopolitan, these elites remain firmly grounded in national cultural conventions and ideologies, even as they view global travel and connections as indispensable socialization strategies. El Condado and Ipanema upper-class parents recognized that the neoliberal language of diversity and multiculturalism was an increasingly important one to master on a global stage, and they hoped their friendship group would reflect such desired heterogeneity in ways unknown to older wealthy generations. Adult friendships mediated by the school context were instrumental in fostering and circulating broader ped-

agogical and cosmopolitan parenting trends. Focusing on adult friendships, and the role of schools in mediating them, allows an examination of how a moral economy of privilege operates among elites in neighborhoods like Ipanema and El Condado, which are viewed in contradistinction to “conservative” elite neighborhoods in Rio de Janeiro and San Juan, respectively.

Choosing and cultivating relationships with specific schools, developing adult friendship networks that were extensions of the schooling experience, and viewing elite schools as vehicles to develop intersocial “ease” and learning race talk were fundamental aspects of a moral economy of privilege. Friendships that emerged or were cultivated as a function of schools – whether one’s own school or the schools one’s children attended – revealed important moments of alliances and fragmentation among Latin American and Caribbean upper classes in Ipanema and El Condado. The forms of relatedness, routines, and ethical ideals built around school choice gave institutional shape to how elite parents understood processes of self-cultivation and personal growth, not only in terms of psychological goals but as a function of social ease in contexts of inequality; achieving competency in the language of race and diversity and moving through the discomfort of socially unequal spaces became a proxy for emotional intelligence among these parents. More significantly, as schools collaborated with parenting goals and interests, they also framed neoliberal approaches to education and social difference, including supporting the white privilege of racial choice and malleability and revealing social envies.

Endnotes

- 1 This essay draws on a comparative ethnography about parenting, wealth, and whiteness in Brazil and Puerto Rico, which I conducted over eight months in each country, from 2012 to 2017. See Ramos-Zayas (2020).
- 2 While it is difficult to categorize this elite in traditional sociological rubrics (e.g., old/new money, intellectual/political/corporate), almost all my interlocutors benefited from some generational wealth either directly passed on through inheritance or from occupying high positions in family businesses. Most of them were also employed in creative labor niches that yielded surprisingly high incomes, including architecture, creative writing, psychotherapy, and jewelry and clothing design. Perhaps unlike European and US urban elites (e.g., Sherman 2017), Ipanema and El Condado elites valued cultural nationalist practices, like the preservation of linguistic and other traditions, even when they were generally sympathetic to US imperial, corporate, and colonial influences. Unlike older generations who unapologetically displayed and inhabited their wealth, these contemporary elites were aware of how

wealth was globally associated with corruption and frivolous consumption.

- 3 The literature on school and elites has compellingly shown how social and cultural capital convert to economic opportunity (Bourdieu 1977); how processes of social reproduction and inequality operate (Gaztambide-Fernandez 2009); and how school-family connections impact institutional culture (Torruellas 1990). In the context of Latin America, one such work is Luciana Reátegui, Alvaro Grompone, and Mauricio Rentería’s *De que colegio eres?* (2022).
- 4 While income distribution inequality in Latin America decreased between 2008 and 2015, when most countries prioritized social development, this pace slowed between 2012 and 2015, and current levels remain very high (CEPAL 2019). During the time of my research, Puerto Rico had the world’s fifth highest level of inequality in the world, with a Gini index of .547 in 2014, significantly above the US average of .481. See Informe Desarrollo Humano de Puerto Rico (2016). Likewise, the Gini coefficient in Brazil was 54.1 in 2016 and slightly decreased

- to 53.8 in 2017. Even by the standards of Brazil and Puerto Rico, respectively, the cities of Rio de Janeiro and San Juan were highly unequal (Santiago Lindsay 2021).
- 5 Leticia Marteleto and Fernando Andrade (2013) note that most studies examining the effects of family cultural capital on educational achievement have focused on countries with a large middle class and high levels of income. In highly unequal societies, like Brazil (and Puerto Rico), they find that academic gaps associated with cultural capital are in fact magnified. In Brazil, schools mediate the association between family cultural capital and educational achievement; thus, the wide gap in school resources that characterizes low-income, highly unequal countries yields even greater differences in student achievement, and this is exacerbated by differences in quality between public and private school sectors. High-quality private schools act to further inequalities found at the social level, and research has shown a strengthening of the inequality in private school access in Brazil.
 - 6 In Ramos-Zayas (2020), I define "interiority currency" as an elite form of class and racial positionality and self-fashioning characterized by a salience of psychological language and a confessional quality in sociability and inter-personal relations. Hence, "rather than reiterating Bourdieu's assumption that social action is always already oriented toward accumulating capital or advantages of different forms, I focus on how an inner-world orientation is irrevocably connected to evolving relations to class and racial inequalities and forms of positioning oneself in relation to conventional understanding of austerity and corruption in Latin America" (2020: 98)
 - 7 Both in Brazil and Puerto Rico, parenting practices have been marked by a heavy investment in English and in international travel to Global North destinations. However, knowing English, even being perfectly fluent in the language, was always subordinated to high levels of diction in Portuguese and Spanish, respectively.
 - 8 Funie Hsu (2015) shows how the policies of English instruction normalized colonial occupation. Neoliberal practices of global English mystify the fact that for many communities that have historically experienced colonial stratification, no level of English fluency can guarantee an equal footing in a world order that has been predicated on the hierarchical difference (Hsu 2015, 139). In Puerto Rico, for instance, English instruction in the classroom enforced the bonds of US colonial capitalism and prepared Puerto Ricans to meet US labor interests.
 - 9 Isar Godreau (2000) refers to this as "la semántica fugitiva de la raza" (the fugitive semantic of race) to ethnographically demonstrate the everyday currency of the racial continuum, as opposed to the racial binary, in Puerto Rico. The continuum continues to have traction, even though as far back as the 1960s scholars like Eduardo Seda Bonilla (1968) and Rogler (1948) showed how black Puerto Ricans experienced lower socioeconomic levels and access to political institutions, were perceived to be unattractive, lived in segregated housing, and were discriminated in daily life. See also Cerón-Anaya's theorization of "the racialization of class" (2018).
 - 10 Importantly, Ipanema parents and even some El Condado parents did not consider going abroad to college, or having international academic credentials, as indispensable for the goals and aspirations they had for their children. Studies in law, for instance, were viewed as something one had to do in Puerto Rico, at the University of Puerto Rico Law School. In part this was because there was a strong connection to gaining expertise in the particularities of Puerto Rico's legal system if one aimed to pursue political or corporate careers on the island. In Brazil, an equivalent was studies of education or psychology – mental health, for instance, was viewed as context-specific – a degree from a European or US university would not provide the knowledge required to practice in Brazil. These perspectives were more common among families who belonged to a more traditional local bourgeoisie, where parents and relatives were influential and entrenched in the country's economy and politics.

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She's my nanny: Discourses and perceptions of children who are cared for by child and adolescent domestic workers

Sarai Miranda

Introduction

The goal of this article is to explore and describe how social inequalities are replicated in the discourse of children who are cared for by child and adolescent domestic workers. The local context analyzed is the Mexican city of San Cristóbal de Las Casas, Chiapas, where child and adolescent domestic work is part of a social dynamic based on the normalization of servitude relations and hierarchical relations between mestizo families and indigenous and migrant families (Miranda 2022).

San Cristóbal de Las Casas draws a diverse indigenous population, mostly Tzeltal and Tzotzil, in search of employment, health services, and commercial and educational activities. The city also preserves its colonial architecture and is one of the state's main tourist locations (Serrano 2017). The Chiapas Highlands region is characterized by deep poverty and marginalization; its population has historically faced a series of economic difficulties including the access to basic services, and 98% of the population is identified as being part of an indigenous group (Villafuerte 2015; INEGI 2020).

Child and adolescent labor is a manifestation of the conditions of material deprivation and also one of the survival strategies implemented by impoverished and racialized families. The concept of housekeeping girls, goddaughters, daughters-in-law, nieces, or working girls is common in this context.

Indigenous young and adolescent girls arrive in San Cristóbal de Las Casas in search of work to help their families, to continue their studies, or to flee extreme poverty and domestic violence (Pérez and Hernandez 2017). Domestic work is a niche they have found to enter the labor market, since it is accessible and cheap for white mixed-race families to have a migrant girl or adolescent in charge of domestic and care tasks, often in exchange for room and board without economic remuneration. Child and adolescent domestic workers face conditions of high vulnerability, exploitation, and violence by the members of the household for which they work, including the children they care for.

This article presents the results of interviews and focus groups conducted with children from middle and high socioeconomic strata who have an indigenous girl or adolescent as a caretaker. The analysis places special emphasis on the discourses on which racist discrimination¹ against female caretakers is based. A qualitative methodology was used to delve into the subjective meanings of the social actors and the coexistence between children and adolescents who are caretakers and the children they care for.

Domestic child labor and racism

Child domestic and care work is a practice that persists around the world as an effect of the widespread poverty in which millions of children and adolescents live. They find an opportunity to leave their rural communities and obtain sustenance and housing in exchange for domestic and care work in urban homes (Miranda 2022; Sagot 2004).

Various authors in Latin American anthropology have shown that these care processes are sustained by a systematic structure of inequality and therefore of exploitation of the caretakers. Domestic work performed by girls and adolescents has been documented and a consensus reached on its role as the tip of an iceberg sustained by the racist, classist, sexist, adult-centric, and xenophobic systems that prevail and that place certain social actors in the most socially devalued jobs that are highly susceptible to exploitation (Miranda 2022). Likewise, research has resumed on internal migration due to the activation of hierarchies in places that do not necessarily receive international migration, and where domestic and care work –

including child and adolescent work – “continues to be nourished by ethnically and racially stigmatized groups, generally domestic migrants” (Durin, De la O, and Bastos 2014, 347).

An important current line of research analyzes the renewal of patterns and stereotypes associated with indigenous peoples and their supposed place in the labor markets, i.e., ethnic niches (Durin, De la O, and Bastos 2014). These are all low-ranking jobs that expose ethnicized groups to certain forms of discrimination, mistreatment, and violence that materialize in new mechanisms of hierarchical social interaction.

Little is known about the relationship between children and their caretakers, especially if the latter are children or adolescents themselves. Winkler (2009) addresses the learning of racial differences from an early age and states that preschool children can exclude peers because they consider them different in phenotype. The author argues that family and school environments are crucial in the construction of racial stereotypes because it is precisely in these spaces that the practices of discrimination and exclusion on racial grounds are deployed.

Masferrer (2016) starts from the recognition of peer relationships as a space in which bullying occurs as a way of reproducing racism towards the Afro-Mexican populations of the state of Guerrero's Costa Chica region. The author shows how bullying experienced by Afro-Mexican boys and girls even violates their rights, with some being forced to change schools and, in the worst cases, leave the school system entirely. In her research she reports that girls and boys can also exercise violence and discrimination against their peers.

The lack of research on how children interact with and treat their caretakers, particularly when they are also children and adolescents, extends to the power hierarchies that are established between two groups of children and adolescents coexisting in the same private space but at different levels of the social hierarchy.

The present research, although modest in nature, offers a novel contribution, as it shows a side of the problem that has seldom been explored: the perception of girls and boys who are cared for by other girls and adolescents. It is important to point out that the scope of the reflections presented here is influenced by the specific features of the private schools attended by the children interviewed, which condition their perceptions to a certain extent.

The starting point was children's capacity for reflection (Cohn 2005). Also considered is the fact that

children are “a socio-historical construction and ... boys and girls ... interpret and influence social reality” (Vergara et al. 2016, 1237). Likewise, Article 12 of the International Convention on the Rights of the Child, which specifies children's right to express their view on matters that concern and involve them, is also recognized.

Approach and local context

The state of Chiapas has been characterized by the highest rates of national poverty and marginalization and is a state with complex social dynamics that are fueled by its geographic location. A significant proportion of its population of indigenous origin has little access to welfare. By 2020, it was estimated that 75.5% of the population of Chiapas lived in poverty, 32% in a

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situation of educational backwardness, and 51.4% – that is, half of the population – showed some type of lack associated with food security (CONEVAL 2020). Most of its population has little access to basic services and experiences daily discrimination based on class, gender, ethnicity, and age. The state has a Gini index of 0.54, a high level of income inequality among the population (CONEVAL 2020). Chiapas is also characterized by economic and social inequalities. There are vast natural resources and economic activities, such as agricultural production and tourism (Villafuerte 2015).

Production and profits from these activities are concentrated in a few historically privileged families. The economic elites are white and mestizo families with access to a process of accumulation of advantages. Social inequalities persist and are perpetuated from generation to generation. Children in Chiapas live with the prevalence of curable infectious diseases and internal displacement, but there is a lack of knowledge about socioeconomically privileged children. The children belonging to the elites in Chiapas come from

different backgrounds: from families that benefited from agrarian distribution policies dating back to the mid-20th century, to families of foreign origin who have invested capital in economic activities of high global dynamism.

In San Cristóbal de Las Casas, the situation is similar to the rest of the state; it is the administrative center of the Chiapas Highlands region, and its economic focus is on domestic and international tourism. The city also receives a constant flow of indigenous migrants who leave their communities and settle in the city's periphery in search of better living conditions (Serrano 2017). The children living in the city and municipality of San Cristóbal de Las Casas experience inequality and poverty. The municipal Gini index is 0.50, and 77.1% of the employed population earns less than two minimum wages (CONAPO 2020).

The primary school where the research was conducted is bilingual (English and Spanish), private, and tuition costs 3,595 Mexican pesos² per month per student. The tuition fees exceed one-third of the monthly average income of a Chiapas household.³ This shows the financial implications of enrolling children in private schools; only a minority of households can access this type of education.

We listened to girls and boys who are part of the local elites about how they perceive and normalize the social inequality that is so marked in the territory they inhabit. We use a qualitative approach, in which three focus groups were conducted in November 2021, when hybrid modality (face-to-face and online) was returning to private schools. The three focus groups were conducted with children in the 4th, 5th, and 6th years of primary school, with ages ranging from 8 to 12 years, and a total of 23 girls and boys. In addition, in-depth interviews were conducted with 6 girls and 5 boys who showed particular interest in sharing their experiences during the focus groups.⁴

The children interviewed belong to economically and culturally privileged households. They are the children of entrepreneurs in the tourism industry, coffee producers and traders, academics, artists and intellectuals, two of them of foreign origin. Initially, they were shown three photographs of child street vendors in the city of San Cristóbal de Las Casas and two photographs of indigenous girl and adolescent domestic workers, one in a domestic service uniform and the other dressed in her traditional garb, both performing domestic and care tasks.

The prompt questions related to the children's opinions and feelings about the photographs and associated topics such as work, school, family and native communities, about the living conditions of children in poverty, and about their caretakers if there was a girl or adolescent taking care of them at home. Of the

23 children interviewed, 19 said that a person similar to those in the pictures takes care of them. We obtained 15 drawings that show the ideal situation in which working children⁵ should live from the perception of children from middle- and high-income households.

Children's words

When asked if they knew these types of workers and if there were any of them in their homes, the children responded as follows:

Yes. She is the *chacha*⁶ (Boy, 12 years old)

Yes. She is the *sirvienta*⁷ who takes care of me (Boy, 11 years old)

Yes. She is my nanny (Girl, 8 years old)

Yes. She is from Chamula (Girl, 9 years old)

No. Mine wears a shawl to carry my little brother (Girl, 9 years old)

Yes. She takes me to my swimming lessons (Boy, 11 years old)

Yes. She gives me my food (Girl, 10 years old)

They were asked the following question: Do you play with her? These were their answers:

Yes, only in the garden (Girl, 11 years old)

No, my mom does not let me (Boy, 9 years old)

Yes, but I do not let her sit on my bed, she smells (Girl, 11 years old)

No, because she cannot speak well (Girl, 11 years old)

No, because she could drink my chocolate (Girl, 8 years old)

Only when she does not smell bad (Boy, 9 years old)

No, because her boyfriend might be from Chamula (Boy, 9 years old)

I do not like her shoes, her feet are dirty (Girl, 12 years old)

They were asked if they had ever been angry with the domestic worker, to which they responded the following:

Yes, because I do not like onion and garlic (Girl, 8 years old)

Sometimes. She does not play when I tell her to (Girl, 9 years old)

Yes, because she goes through my iPad (Boy, 12 years old)

Yes, because she dropped my little sister, and my dad told her she should better leave (Girl, 11 years old)

Yes, when she does not come from her town she is late and my grandma gets mad, and when she does not walk my dog (Boy, 11 years old)

Yes, because she does not do things right (Boy, 9 years old)

A final block of questions focused on thoughts about the future and possible schooling of girls and adoles-

cents who work as domestic workers. The following question was asked: What would you do to make them go to school and not work at that age?

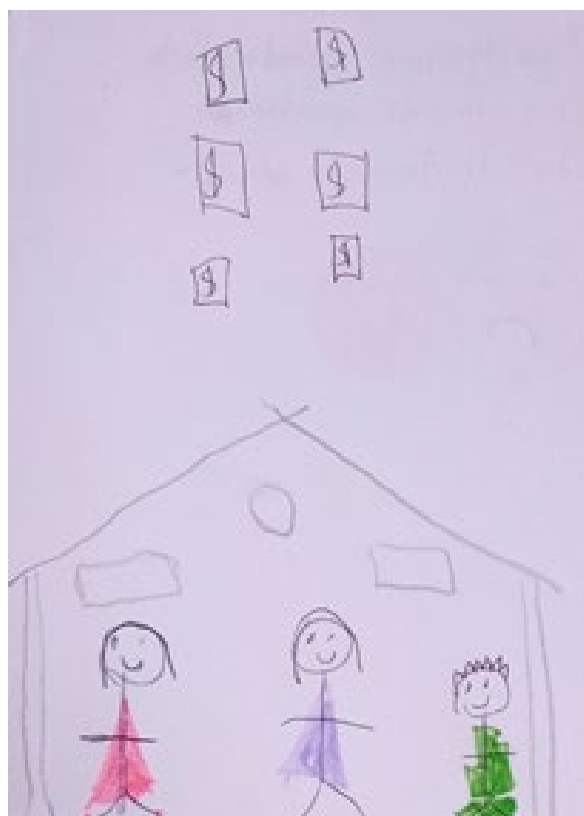
I would tell the president (Girl, 8 years old)

I would tell the president to put her parents in jail (Girl, 10 years old)

I would give her soap and water (Girl, 8 years old)

I would tell the president to build a big house with lots of beds and lots of food and lots of bathrooms so they can live there and not let them leave (Boy, 9 years old)

Figure 1. Huge house for poor children



Made by: Boy, 9 years old, 4th year of primary school.

About the possibility of coexistence in spaces where hierarchies are diminished, the children were asked if they would like to attend the same school to study, to which they answered:

No, because I would have to hide my backpack very well (Girl, 11 years old)

No, because she might like my pencil sharpener (Girl, 8 years old)

I do not know. It depends on if her uniform is clean (Boy, 10 years old)

Yes, when she wears closed shoes that do not let dirt in (Girl, 12 years old)

No, because her parents do not wear a mask and she does not wear a mask (Girl, 10 years old)

Perceptions and fears of privileged children

In the answers provided by the girls and boys, we observed some derogatory ways of addressing the girls and adolescents who take care of them and work at home. According to Masferrer (2016), this can be identified as racial discrimination against a group that is considered different and inferior. The ethnic origin of these workers can be observed in the mention of the shawl, the way they speak, the way they dress, and the municipality they come from. San Juan Chamula is one of the municipalities adjacent to San Cristóbal de Las Casas that offers a population in search of employment. In the case of girls and women, it is regularly in domestic service.

The words *chacha* and *sirvienta* are derogatory terms that are usually loaded with racism and discrimination. As Gutiérrez (2013) states, household members recreate power dynamics based on social markers such as ethnicity. The use of derogatory language contributes to modeling these logics and provides clues about the hierarchical and violent relationship that exists between the children who are cared for and the girls and adolescents who care for them. This coincides with the contributions of Winkler (2009), who shows how from an early age people learn to identify racial differences and, in this sense, deploy discriminatory and exclusionary practices.

Some striking derogatory perceptions repeatedly come to light, such as odors and hygiene. In the expression of these phrases we observe what Miller (1998) has described as the transmission of contempt that constitutes a mechanism constructing the other as inferior. As Gutiérrez (2013, 130) puts it, "Transmitting contempt, even if unintentionally, impacts the person who faces it, leaving them with a feeling of worthlessness."

Smell is a symbol to regulate cultural identities that "is manifested in the construction of social barriers to regulate ... the appropriation that the dominant class makes of the good smell as opposed to the bad smell that it attributes to the lower classes" (Larrea 1997, 42). Hygiene may also operate as a mechanism to regulate differences. Expressions that allude to an unclean appearance respond to a learning process from the first years of life, where dirt is associated with disease, and may also respond to certain cultural representations that legitimize social distance between subjects (Palero and Ávila 2020).

Likewise, there are references to the way of speaking and to the possibility that one of the domestic workers has links to people labeled as delinquents (when the child is referring to the boyfriend from San

Juan Chamula), in what constitutes one more aspect of differentiation and classification based on people's ethnic origin.

When we look at coexistence and play between caretakers and those cared for, the answers given are characterized by surveillance and control. It has been widely documented how control technologies are replicated in the private space of homes in order to gain access to work – in this case, domestic and care work – at a low cost and in precarious conditions. Girls and boys show in their answers their vigilance in relation to arrival times, the quality of care given to younger siblings, the use of gadgets, and the way food is prepared.

Similarly, we can observe how girls and boys from middle and high socioeconomic strata recreate and reproduce relationships of surveillance and control, and how through their discourse aspects such as labor precariousness emerge, as is the case when one child reports that the father asked the housekeeper to leave, or when there is a complaint about food or schedules and responsibilities such as walking the dog. This reveals the vulnerability and exploitation of the workers, as well as the power of discourse and action of the children being cared for.

When we inquire about possible solutions to child and adolescent work, the children we interviewed mention confining and punishing the parents of working children and adolescents, as well as confining the working children themselves. In Mexico and Latin America has been a tradition of confinement and institutionalization against poor and indigenous children, due to the fact that since in the process of independence and the construction of a mestizo republic poor and indigenous children were seen as a problem for which confinement was instituted as a “device of isolation to try to recreate a fictitious world within another world” (Del Río 2012, 24). This responds to a racial concern in which discrimination related to the poor and the indigenous is masked, in addition to the direct relationship that is assumed to exist between poverty and criminality, for which confinement and punishment is necessary.

This aspect was also observed in the illustrations made by the girls and boys. Figure 1 was titled “Huge house for poor children.” The explanation was that it was the house President López Obrador would build for all the poor children, and he would give them a lot of money and not let them leave. The aspect of hygiene also comes to light again here, which directly links economic deprivation with hygiene habits and a lack of water and soap.

The children repeatedly hinted at the relationship between poverty and criminality when answering the questions about being able to coexist in the same

school space with the girls and adolescents who take care of them. They expressed that they would have to guard their belongings due to the possibility that their school supplies could be stolen by the other children. The idea of hygiene and odor is repeated as a condition for accepting coexistence among equals. Indigenous children in the region are accustomed to wearing open-toed shoes because of their low cost, hence the rejection of this type of footwear and its association with dirtiness.

Another perception that was expressed related to the use of masks, which are part of the measures to stop the spread of Covid-19. In the context of the pandemic, poor and indigenous people are associated with a lack of care. Palero and Ávila (2020) state that the recent pandemic has been one of the main situations that have highlighted social inequalities, since not all economic strata had the same conditions for access to basic care measures, which in turn recreated hygiene-related notions that conceive of the customs of the poor sections of society as agents of unhealthiness.

Conclusions

In the local context we studied, there is a marked inequality between middle- and upper-class children and indigenous and working children. Both groups coexist and converge in the domestic space where some receive care and others provide it. The prevalence of the culture of servitude and the re-creation of certain discriminatory discourses learned by the children of the local elites can be observed.

On the one hand, it is evident that the discourses of the girls and boys are not merely individual cognitive and psycholinguistic processes but also social constructs with content that obeys what is learned from adult worlds (Vergara et al. 2016). In the discourse of children, as in any other social group, the re-creation of stereotypes and discrimination based on sex, gender, ethnicity, and age can be found, which contribute to legitimizing power hierarchies between individuals and social groups.

On the other hand, this research highlights the prevalence of the symbolism of odors and hygiene as a mechanism to perpetuate social difference and the construction of the other as a different, inferior being. As Larrea (1997) suggests, odors distinguish others by promoting the notions of otherness and identity: odors and the perceptions surrounding them can be analyzed as a symbol for the social construction of interpersonal relationships based on sex, ethnicity, and social class.

Finally, the discourses of the children we interviewed bring to the discussion some actions towards

their caretakers that project and express contempt and disrespect, which likely places the caretakers in situations of invisibility and inferiority. The presence of child and adolescent caretakers and domestic workers is ignored and denied when showing them disgust and distrust. It seems that the children interviewed normalize inequality. In their discourses, which are full of nuances, mechanisms for stigmatizing, differentiating,

and stereotyping socially and materially disadvantaged children are reproduced.

This exercise opens the door for further research and analysis on the coexistence of differentiated children, the possible violence that is replicated, and the need to understand the processes of social fragmentation and segmentation from the earliest stages of life and in the most intimate space in homes.

Endnotes

- 1 The term "racist discrimination" is used in the same sense as by Masferrer (2016), who regards this term as the most appropriate to underline the non-existence of races and to recognize the practice of racism.
- 2 215 US dollars.
- 3 The National Survey of Household Income and Expenditure (-INEGI 2021) estimated that in 2020 the average monthly income of a Chiapas household was 9,722 Mexican pesos, around 580 US dollars.
- 4 All were read and shown an informed consent form, and the objective of the study and their participation were explained to

them. Parents and school authorities were also informed of the study.

- 5 The research instrument has some limitations, one of which is that it adheres to the hegemonic notion of child labor, in which the disadvantages of working as opposed to attending school are observed. This is due to the intentional search for the perceptions of middle- and high-strata children on the subject.
- 6 Derogatory term for housekeeper.
- 7 Derogatory term for housekeeper.

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Ongoing global projects on wealth and inequality

The World Inequality Lab (WIL)

The **World Inequality Lab** is a global research laboratory focused on the study of inequality worldwide. For almost ten years, the WIL has worked to produce evidence-based research on the various dimensions of inequality, both within and between countries. The results are disseminated through research articles, books, reports, events, and media interventions.

The WIL hosts and maintains the **World Inequality Database (WID)**, the most extensive open-access public database on global inequality dynamics. A **team** of thematic and regional coordinators is responsible for updating the database on an annual basis, in collaboration with a network of more than 150 researchers from around the world. Today, the WID provides data on the evolution of the income and wealth distribution, as well as on gender and environmental inequality. In the last fifteen years, the renewed interest in the long-term evolution of income and wealth inequality has given rise to a flourishing literature. In particular, a number of studies have constructed top income share series for a large number of countries (see Piketty 2001; 2003; Piketty and Emmanuel Saez 2003; and the two multi-country volumes edited by Atkinson and Piketty 2007; 2010; Atkinson et al. 2011). These projects generated a large volume of data that was intended to serve as a research resource for further analysis, as well as a source for informing the public debate on income inequality. For more information, visit wir2022.wid.world.

The WID was initially created in 2011 with the aim of providing convenient and free access to all the existing series. The main innovation was the systemic combination of fiscal, survey, and national accounts data. In principle, all the top income share series follow the same general methodology: following the pioneering work of S. Kuznets (1953), they use income tax data, national accounts, and Pareto interpolation techniques to estimate the share of total income going to top income groups (typically the top decile and the top percentile). The overall long-term objective is to produce annual **Distributional National Accounts (DINA)** that describe the entire distribution of income

and wealth using concepts that are consistent with the macroeconomic national accounts. This is being implemented gradually and collaboratively, and more progress is still to be made.

“Wealth and Social Inequality”

Research Focus at the Max Planck Institute for the Study of Societies, Cologne, Germany

The Max Planck Institute for the Study of Societies launched a new research focus on **Wealth and Social Inequality** in 2021. The Research Focus features numerous research projects exploring the development of wealth concentration and its perpetuation. In particular, the conditions for wealth accumulation, the mechanisms for wealth reproduction and the hoarding of opportunity, and the influence of great wealth on politics and society are issues studied by the researchers.

Across the numerous projects, the role played by the family and financialization in the reproduction of great wealth as well as in our understanding of the development of today’s capitalist economic and social orders is central to the projects. Eleven researchers examine in their projects pathways to wealth regimes, inheritance and inheritance taxation, ownership and transfer of businesses, the depiction of the wealthy in the media, conflict in very rich families, lobbying activities and party giving, and elite clubs. They embrace quantitative or qualitative research designs, largely studying the German case and conducting comparative studies of different countries. Their projects are anchored in sociology as well as political science, with a particular emphasis on historical lines of development.

The Research Focus has hosted a number of national and international conferences and regularly welcomes guests to the Institute. Among the first publications that have appeared from this line of research are **Daria Tisch and Emma Ischinsky (2023)**, “Top Wealth and Its Historical Origins: An Analysis of Germany’s Largest Privately Held Fortunes in 2019.” *MPIfG Discussion Paper 23/1*, Max Planck Institute for

the Study of Societies, Cologne; and Jens Beckert (2022), “Durable Wealth: Institutions, Mechanisms, and Practices of Wealth Perpetuation.” In *Annual Review of Sociology* 48, 233–55.

The Research Focus is funded by the Leibniz Prize awarded to Jens Beckert.

CALAS Laboratory of Knowledge

“Confronting Inequalities in Latin America: Perspectives on Wealth and Power”

The Centre for Advanced Latin American Studies Maria Sibylla Merian (CALAS), a consortium of Latin American and German universities, and its Knowledge Lab II spent 18 months investigating this less-explored side of inequality in Latin America: wealth and elites, and their mechanisms of reproduction; the regulation and deregulation of wealth; and the socioeconomic dynamics around the exploitation and export of nature as the historical path of Latin American development since Colonization.

Around these three thematic axes, CALAS convened 22 researchers from different countries and disciplines, fostering innovative analytical interpretations of inequality in Latin America, and underlining the connection between wealth and sustainability as a significant conceptual and methodological premise for future research. As part of the knowledge laboratory on social inequalities, the course “Riqueza, elites y justicia social” was designed in 2022 and carried out in cooperation with Consejo Latinoamericano de Ciencias Sociales (CLACSO) as a “Diploma Superior”. The program was attended by over 50 participants from different disciplines from Germany and Latin America.

From these intense discussions, a Routledge collection in the “Global Challenges in Political Economy” series was published in May 2023 as *Taxation and Inequality in Latin America: New Perspectives on Political Economy and Tax Regimes* (eds. Philip Fehling, Hans-Jürgen Burchardt). The book analyzes the relation of natural resource wealth, allocational politics, and the limited role of taxation for redistribution, and progressive resource mobilization. It was followed in September 2023 by *Wealth, Development, and Social Inequalities in Latin America: Transdisciplinary Insights* (eds. Hans-Jürgen Burchardt, Irene Lungo Ro-

dríguez). Combining conceptual discussions with empirical research, the book examines characteristics of wealth, and the implications for inequality. Finally, *The Political Economy of Elites in Latin America* (eds. Jan Ickler, Rebeca Ramos), forthcoming, seeks to combine the theoretical accounts of the elites, the relations of the state elite, and the fundamental political-economic structures with empirical studies.

World Elite Data Base Project

The World Elite Database (WED) project is an international consortium of scholars working together to develop a new standardized data regime to study, and share data about, elites across the world. It aims to solve the problem of comparability and heterogeneity in the study of national power structures, and to foster a cooperative community of scholars interested in studying elite populations systematically.

Despite lots of progress in the empirical study of elite populations, the lack of shared selection criteria and common variables to collect has arguably impeded research in this area, making different national and regional studies incomparable to the next. Yet comparable datasets are the prerequisite for establishing patterns of regularity, suggesting counterfactuals, and formulating ideas to be tested. This requires social scientists to agree upon common selection criteria, to collect publicly available information in a similar fashion, to apply identical coding schemes, to share the same methods for data analysis and, above all else, to develop routines for ensuring high-quality data that recognizes the institutional particularities of different national and regional contexts.

The World Elite Database (WED) aims at directly addressing these challenges through a massive across-country collaborative effort. The project currently involves researchers from 15 countries working together in a structured way that combines standardized applications of selection and coding criteria, as well as national-level expertise of both elite populations and national political economies. Currently the project has developed new series of measurements of the economic elite population in a variety of countries. This includes China, Denmark, Italy, France, Finland, Germany, Norway, Poland, Portugal, Russia, Chile, Sweden, Switzerland, the UK, and the USA. Further information available in: worldelitedatabase.org.

Book reviews

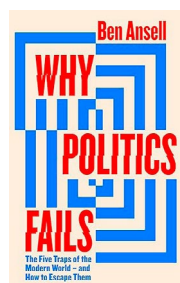
Ben Ansell · 2023

Why Politics Fails: The Five Traps of the Modern World – and How to Escape Them.

New York, NY: Viking

Reviewer **Bo Li**

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Casting a discerning eye on the intricate landscape of politics, Ben Ansell of Oxford University, in his new book *Why Politics Fails*, undertakes a profound exploration of the formidable challenges and pitfalls that impede the realization of collective objectives. He dissects the traps of democracy, equality, solidarity, security, and prosperity, unveiling how self-interest often undermines these very goals. By understanding these traps, the book offers valuable insights on how to navigate and overcome them, ultimately making politics more effective in addressing the complex problems of our world.

The book is divided into five parts, each corresponding to a collective goal. It maintains a consis-

tent structure throughout, starting with a pivotal historical event, followed by the definition of the goal, an exploration of the associated trap, and concluding with strategies for escaping these traps.

In the first section, “Democracy,” Ansell uses the Brexit referendum of 2016 as a prime example to illustrate the democracy trap. After the majority voted to leave the EU, the complex task of implementing Brexit emerged. Various options and trade-offs, such as remaining part of the EU’s single market or customs union and addressing the Irish border issue, had to be considered. However, attempts to pass a Brexit bill in Parliament faced repeated defeats, reflecting the diverse interpretations of what Brexit should entail among different factions. This example highlights the challenge of translating the “will of the people” into practical policy decisions when there’s no clear majority preference among Members of Parliament (MPs). Even when MPs were asked to approve or disapprove of different Brexit options, no single option garnered a majority. This illustrates the intricacies and complexities of democracy in practice. To escape the democracy trap, Ansell suggests a multi-pronged approach. It involves the redesign of political institutions, enhancing democracy through increased participation, fostering norms of active listening and deliberation, and maintaining the stability of these institutions.

In the second section, “Equality,” the book opens with a compelling example: Jeff Bezos’s journey into space. This spotlight on Bezos’s immense wealth serves to underscore the stark disparity between his financial standing and the working conditions of Amazon employees. Ansell delves further into the multifaceted understanding of equality, emphasizing the variations among different ideologies and thinkers. Free market proponents and libertarians un-

derscore the importance of equal rights, particularly in property ownership and market transactions. However, they do not necessarily advocate for the equal distribution of resources based on factors like effort, need, or merit. In contrast, socialist thinkers, particularly in the Marxist tradition, argue for equal access to the means of production and prioritize equal outcomes over equal opportunities. The crux of this section revolves around what Ansell calls the “equality trap.” It describes the dilemma that arises when striving to achieve both equal rights and equal outcomes in society. The book posits that achieving complete economic equality might necessitate curtailing economic rights, potentially infringing on individual freedoms. Conversely, prioritizing economic freedom can lead to a society dominated by the wealthy, with limited avenues for economic redistribution. Ansell aptly dubs this conundrum a “toothpaste problem” – if we push down on inequality in one part of the tube, it tends to accumulate elsewhere. To escape the clutches of the equality trap, the book advocates for a balanced approach that considers both economic rights and outcomes. This entails addressing gender inequalities, tackling inequities within households, implementing progressive taxation policies, and making strategic investments in education and regulation.

In the third section, “Solidarity,” the book kicks off with a pertinent example: the Affordable Care Act (ACA), more commonly known as Obamacare. The ACA was a significant attempt to address the pressing issues of soaring healthcare costs and the lack of coverage for a substantial portion of the population. However, its implementation encountered significant opposition and stirred controversy. The “solidarity trap” discussed in this section is influenced

by various factors. These include the uncertainty surrounding the future, the boundaries of solidarity limited by factors such as ethnicity, religion, language, or nationality, a lack of knowledge about our fellow citizens, and the potential for individuals to exploit policies aimed at fostering solidarity for personal gain. For instance, it's often challenging for individuals to prioritize solidarity when they are currently in a comfortable position, not considering the possibility of needing support in the future. This uncertainty hampers people from fully embracing self-insurance and effectively managing their financial resources over their lifetime. The book posits that we tend to care about solidarity only when we find ourselves in need, thus encapsulating the essence of the "Solidarity Trap." So, how can we escape this trap? The author proposes a set of actionable strategies to navigate it successfully. These include bridging divisions and promoting inclusivity to cultivate a sense of shared responsibility, advocating for civic nationalism to strengthen the bonds of solidarity, enhancing transparency and visibility to engender trust, addressing credit constraints, and tackling ethnic tensions and inequalities.

In the fourth section, "Security," the book delves into the multifaceted concept of security, spanning three levels: personal security, national security, and international security. The author employs the example of a strict lockdown in Rome in 2020, demonstrating the inherent conflict between personal freedom and public health, as well as the conflict between the roles played by government enforcement and individual responsibility. Security refers to the state of being protected from harm, danger, or threats. The security trap highlights a dilemma: if you lean too heavily toward enforcing strict security and order, you run the risk of creating

a system where those in power can become oppressive and authoritarian because they might overstep boundaries and infringe on individual freedoms. Escaping the security trap therefore requires striking a delicate balance where security is ensured without sacrificing personal liberties. The author puts forth several strategies, including ongoing adjustments and improvements to institutions, as well as the creation of oversight mechanisms to prevent the misuse of power and to ensure accountability among those in positions of authority.

The final section presents the "Prosperity Trap": the idea that what appears to make us richer in the short term often makes us poorer in the long run. The author begins with the Paris Agreement on Climate Change in 2015 — an ambitious effort to combat global climate change by reducing greenhouse gas emissions. Involving more than 190 countries, including major emitters like the United States, China, India, and Russia, the Paris Agreement marked a significant step forward in global cooperation to address climate change. Nevertheless, its effectiveness and implementation have been the subject of persistent debate and challenges, such as insufficient monitoring and enforcement, divergent interests among countries, and domestic political changes. The Paris Agreement example shows the prosperity trap emerges from the tension between individual/country interests and collective goals, coupled with the temptation to prioritize immediate gains over sustainable, long-term growth. Intriguingly, the author shows that the nearsighted decisions made by nations or individuals can be very rational. For instance, politicians often prioritize short-term gains, even if they are harmful in the long run. They have plenty of incentive to do so since statistics tell them they will get more votes when the

economy grows. To break free from this trap, the author offers concrete strategies. These include investing in technology, education, and innovation, even though the results may take time to materialize, as they are essential for long-term prosperity. Furthermore, the author advocates for the design of political institutions that discourage politicians from making short-term decisions for personal gain. Drawing inspiration from successful models like the German innovation system, governments should allocate resources to long-term financial markets and vocational training systems, and facilitate cooperation between trade unions and employers' associations.

In the end, the author concludes that politics fails when we pretend that we can get along without it, when we do not take politics seriously, and when we try and repress, smother, or banish it. The author firmly counters the pervasive argument that our global challenges can be resolved by sidestepping politics, whether through overreliance on technology or markets, the pursuit of authoritative leadership, or simply striving for moral betterment. The author contends that technology is ill-equipped to address fundamental disagreements or navigate the intricate web of human behavior and societal dynamics. Furthermore, perfect markets rarely exist, and the pursuit of strong leadership often disregards the diversity of preferences held by the population at large.

A standout feature of this book that I especially appreciate is its ability to transcend the confines of dry academic prose. Instead, it artfully weaves together compelling real-life anecdotes and data, infusing a captivating and credible dimension into the author's arguments. It masterfully achieves equilibrium by seamlessly integrating substantial academic knowledge into an accessible narrative, touching upon concepts like the Robin

Hood paradox, Schumpeter's democracy definition, and even the author's own social experiments. Furthermore, the book is profoundly thought-provoking, urging readers to delve beyond the superficial layer of the five overarching themes: democracy, equality, solidarity, security, and prosperity. It invites us to revisit these ostensibly straightforward concepts, encouraging contemplation of their intricacies and implications at a deeper level. Notably, the author infuses the narrative with his unique sense of humor, elevating the reading experience to a more engaging level. In sum, this book is a remarkable and enriching read, catering to a diverse audience encompassing the general public, politicians, and academics alike.

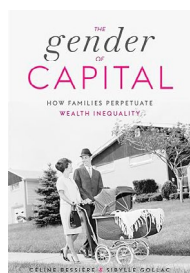
Céline Bessière and
Sibylle Gollac · 2023

The Gender of Capital: How Families Perpetuate Wealth Inequality.

Cambridge, MA: Harvard University Press

Reviewer **Ria Wilken**

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The family might not be the first thing that comes to mind when thinking of an example of an economic institution as a “site

for production, circulation, control, and evaluation of wealth” (p. 37). Against this widespread omission, *The Gender of Capital: How Families Perpetuate Wealth Inequality* by Céline Bessière and Sibylle Gollac introduces the family as an economic institution like any other that contributes to the reproduction of wealth inequalities – especially regarding gender – in contemporary France. By deconstructing the family as the central unit of observation, the authors aim to shed light on the mechanisms through which economic domination is (re-)produced in heteronormative families. Guided by the question of how these inequalities can quietly continue despite the normative frame of a formally egalitarian civil law, Bessière and Gollac make use of a combination of various legal, ethnographic, and quantitative sources in order to make their main argument: that the family as an institution is responsible for maintaining and perpetuating economic inequalities between men and women through what the authors introduce as the concepts of family wealth arrangements and family strategies of social reproduction. The data used in their book draws on primary ethnographic data such as in-depth family case studies conducted between 1997 and 2005 and case studies on legal professionals conducted from 2008 onwards. Secondary data such as the French Wealth Survey, collected in irregular intervals and under different names between 1986 and 2020, complements the qualitative fieldwork of the researchers. Bessière and Gollac pick up on the literature of Marxist and materialist feminists which emerged in 1970s France and speak to contemporary literature in the fields of gender studies, social class analysis, economic inequalities, and to the intersection of gender, wealth and inequality research.

In the introduction, the reader is brought into contact with the concept of family wealth arrangements, which is central to the book but unfortunately not clearly defined until the third chapter as “the oftentimes laborious and or conflictual consensus-building process among family members and legal professionals over the appraisal and distribution of family wealth as well as the outcome of this process” (p. 83). These arrangements include decisions on, among others, inheritance, inter vivos gifts, liquidation of marital assets, and compensatory allowances. These formerly family matters are molded into legal frameworks by the work of legal professionals and asserted as legally binding through court decisions. Family strategies of social reproduction, are introduced to approach family wealth arrangements from a sociological perspective and to better understand the underlying decision-making processes. These strategies include all mechanisms, such as marriages, schooling strategies, and estate planning, which can be used to maintain a social hierarchy over the long run and to ensure or improve individuals' positions in such hierarchies.

In the first chapter, the reader is guided along a red line of reasoning toward the conceptualization of the family as an economic institution. Against the widespread narrative of the economy and families pursuing separate paths in contemporary capitalist societies, the authors argue that, as inheritances are a family matter, families contribute to a nonnegligible extent to class inequalities.

While the first chapter focuses on interfamily inequalities caused by differences between families in whether, how much, and when assets are inherited, the second chapter adds an intrafamily perspective on who inherits what and when within a family. In doing so, Bessière and Gollac incorporate

a gendered perspective on inheritance which demonstrates that in heteronormative families, “inter-generational transfer of wealth is usually assuaged at the expense for women” (p. 41). Things that must be kept, in later chapters referred to as structuring assets, such as real estate and businesses, should not be divided or liquidated but transferred to the right heir, the firstborn or the favorite son. In a convincing way, the reader is shown how these economic inequalities between sisters and brothers, caused by discriminating inheritance patterns against daughters, accumulate with other types of gender inequalities over the life course and are consequently reflected in conjugal wealth inequalities between spouses.

How family wealth arrangements are formalized in legal language “behind the closed doors of notaries’ and lawyers’ offices” (p. 131) and how these legal professionals themselves contribute to the impoverishment of women and the wealth accumulation of men is demonstrated in the third and fourth chapters. The authors show how lawyers and notaries treat their clients differently depending on their economic disposition and social class. By drawing on research conducted in law offices, they lay out how wealthy, affluent individuals such as business owners and entrepreneurs, who are most likely to be male, are favored by legal professionals. Lawyers and notaries not only spent more time on wealthier clients but, moreover, were willing to apply more elaborate practices to their cases than they would to less affluent clients. In addition, the authors introduce what they call “sexist accounting” (p. 13) or “reversed accounting” (p. 109). This is a practice that favors men over women because of subconscious gendered representations of social order and subtle sexism when family or conjugal assets need to be distributed or shared in cases of succession and

marital liquidation. Some of these practices are elaborated on in more legal detail, which makes them appear abstract and technically complex to the non-legal expert at first. The authors successfully cope with this by presenting the previously introduced theoretical frameworks by means of case study examples they conducted.

In chapter five, Bessière and Gollac aim to demonstrate the means by which women are disadvantaged, again, through tax avoidance practices. Women suffer while men benefit from underestimating the value of jointly owned assets as men face reduced tax payments while women receive reduced settlements. Similar mechanisms are presented for decisions on alimony payments and child support. Men can deduct payments to their former wives from their taxable income while women have to declare these payments and fiscal support as taxable income. On the one hand, the authors claim tax optimization to be in the “collective interest” (p. 156) of families and serves as a “powerful family tie” (p. 139) while at the same time demonstrating how women are structurally disadvantaged through these practices. This disadvantage, they argue, stems from the fact that women tend to lack the financial and informational resources to defend their own interests and are likely to renounce ownership rights to keep the family peace. Despite this argumentation, it remains confusing and to some extent misleading for the reader that the authors continue to talk of a “consensus” (p. 156) over tax optimization decisions and family wealth arrangements when there is actually none.

Chapters six and seven shift the focus away from notaries and lawyers toward the impact of judges on gender economic inequalities in France. Formerly privately discussed family wealth arrangements are exposed to the public in court

proceedings. In these chapters, the authors investigate how existing legal provisions that actually intend to equalize inequalities, both in class and gender, fail in their application. They do so by contrasting examples of court decisions on wealthy clients to those of working-class couples and families, contested to uncontested divorce cases, and successions where everyone agrees on the family wealth arrangements to those where no consensus can be made. Even though these cases differ in their exact outcome, what they convincingly point out is the favoritism of men’s wealth and economic security at the expense of women and the overall power imbalance between the two genders.

By introducing their intra-family perspective on economic gender inequalities, Bessière and Gollac add the missing familial and gender perspective to Piketty’s (2014) work on capital. Moreover, they complement Piketty’s economic perspective with a sociological perspective on how social classes relate differently to the law. However, the book comes with two limitations that are worth noticing. First, the book’s main focus is dominated by the discussion of gendered practices of notaries, lawyers, and judges as well as the discrimination of women opposed to men before the law. The importance of the family as such, as well as of family wealth arrangements and family strategies of social reproduction for the maintenance and perpetuation of gender inequalities, what the authors initially claim to be central to the book, is thereby unfortunately somewhat undermined. Second, both the qualitative and quantitative data were mostly collected in France and refer to French cases. In order to be able to generalize their findings, additional research needs to be done that goes beyond the French case but instead illuminates the proposed mechanisms from an international perspective. All in all,

however, the strengths of the book outweigh these downsides. By proving that “in poor families, money problems are women’s problems” (p. 2) whereas “in wealthy families, looking after capital is a man’s prerogative” (p. 4), Bessière and Gollac convincingly show that gender and class inequalities are intertwined and inseparable. Abstract legal practices and family practices of social reproduction as well as key moments in the circulation and distribution of family wealth are illustrated by case studies on, among others, French wine-growing and bakery families and quantified by statistical analyses of household asset surveys. The density of qualitative material used significantly reduces the complexity of the facts conveyed, makes them more tangible, and eases the reading and remembering processes while reading the book.

The English edition was published in 2023, three years after the French edition, just at the right time given the worsening economic and social circumstances – especially for women – due to the COVID-19 pandemic and the following restrictions. Bessière and Gollac’s book serves as a great way into the debate on contemporary gender inequalities despite the official egalitarian law. It reveals grievances in legal practices and family strategies which are deeply embedded in gendered social representations and renewed through “masculine and feminine roles in family strategies for the accumulation and reproduction of economic capital” (p. 218). Moreover, their work constitutes a starting point for future research on the family as an economic institution and its impact on gender inequalities from a cross-national perspective.

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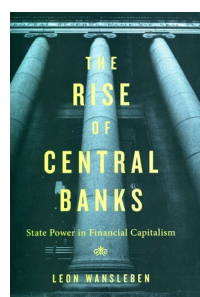
Leon Wansleben · 2023

The Rise of Central Banks: State Power in Financial Capitalism.

Cambridge, MA: Harvard University Press

Reviewer **David Hollanders**

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Since *The Rise of Central Banks* addresses the period 1970–2020, the title won’t produce controversy. Few would argue that central banks have not gained influence and power over the last fifty years. More interesting is the genealogy and nature of the power central banks accumulated and this is exactly what Leon Wansleben meticulously explores. An impressively long list of interviews with insiders supports the central “empirical claim [...] that central banks have been able to activate, articulate, and integrate their operational technologies [...] into coherent techniques.” (p. 50). The architects of the praxis of inflation targeting in the post-Bretton Woods era were central banks themselves. The resulting pole position in the state apparatus, albeit consciously forged by central bankers, was however made in circumstances not of their own making. History is a confrontation of agency and contingency, and it is the historians’ task to disentangle those. The rise took place, as the subtitle has it, in an era of financial capitalism; that stage of capitalism turned out to offer the ideal infrastructure for using short-term interest rates to transmit monetary

policy via financial markets. Financial markets and central banks thus rose together.

The book carefully analyses central bank policies, delineating how monetary policy is understood and conducted by bankers themselves. The book brings in the perspective of *the* crucial actor and explains how central banking proceeds in normal times. This is innovating and it is the strength of the book in chapters 1–5; it also constitutes its weakness in the last, sixth chapter. The account of 2010–2020 does not confront the central banks’ view with primary sources indicating that central banks used their monetary monopoly to buttress commercial banks at the expense of citizens. But first the careful account itself.

Until August 15, 1971, central banking was straightforward. The task of central bankers was to manage exchange rates, ensuring they remained within the bandwidth agreed upon in Bretton Woods. While this was not trivial – and the system proved untenable after Nixon’s announcement that the dollar was, after all, not as good as gold – central bankers were just one influential group of civil servants among several. This changed in the 1970s, when central bankers became the “key movers and centers of power” (p. 3), ushering in the “golden age of central bankers” in the 1990s–2000s.

It wasn’t obvious how central banks were to use their monetary monopoly once the dollar anchor was abandoned. Two main avenues were on offer, either monetary targeting (i.e., monitoring the money supply) and inflation targeting (i.e., managing an effect of money (over)supply). The book documents the “internal life” of four central banks, two of which pursued the first – the Bundesbank and the Swiss National Bank (SNB) – while the other two implemented the second – the FED and

the Bank of England. The book narrates how inflation targeting won the day “after failures of monetary targeting.” It wasn’t a foregone conclusion that in 2017 forty countries would have adopted inflation targeting. It was instead the outcome of what Wansleben dubs “practical policy innovation,” “learning processes,” “policy experimentation,” and “social learning.” How could it be otherwise? Monetary policy may be as political as it gets, but its implementation is technical and bureaucratic. And central bankers are, as the book rightfully reminds its readers, bureaucrats. These are in the business of designing and implementing policies, the devil of which is in the operational details. Whether and how monetary policy actually works can only be known by trial and error.

Inflation targeting worked. Integrated, liquid, and ever-expanding financial markets responded quickly to price signals sent by central banks. Changes in the interest rate central banks charged to commercial banks steered credit extension, aggregate demand, and inflation. Central bankers came to realize that the effectiveness of their instruments depended on the globalizing banking sector. Financial globalization was as profitable for banks as it was instrumental for central bankers. The latter gradually became “political advocates and practical architects of market-based financial systems” (p. 20). Deutsche Bank and the SNB followed suit as monetary targeting didn’t work. In Germany and Switzerland, central banks “interacted with universal banks that controlled almost all aspects of finance” (p. 145), but increasingly foreign banks were willing and able to extend credit, thereby increasing the money supply. The other way round, German and Swiss banks adopted “Anglo-Saxon [...] liability-management techniques” (p. 147). In a world without capi-

tal controls, credit and thus money could not be controlled.

Inflation targeting worked within its own terms, but these are not necessarily the terms of central banks. The motives and interests of central banks are key. The author postulates that central bankers seek output legitimacy by solving problems. And in the 1970s inflation was the problem. Governments were therefore happy to grant “independence” to central banks, who in turn consolidated their authority. The self-image of central bankers as problem-solvers is reproduced here. They are deemed knowledgeable technocrats who make mistakes but sincerely believe their praxis to be the best. Supervisors “believed financial sector statements” (p. 179) in the run-up to the financial crisis, or “failed to act on their expertise [...] to enforce or support prudential rules” (p. 181).

The symbiotic relationship between commercial and central banks is interpreted as essentially instrumental. While “banks’ interests matter to monetary authorities” (p. 145), they only do so because banks transmit monetary policy. It is not considered that there is a revolving door between private and central banks, let alone that they jointly constitute the backbone of a class that Wolfgang Streeck dubbed “marketvolk” (and Marxists call capital). Central bankers’ role differs from that of private bankers, but when push comes to shove, they arguably share a class interest. This is at least how the euro crisis interventions of the European Central Bank (ECB), discussed in the last chapter, can also be read.

Quantitative easing is interpreted as an attempt to reanimate the interest rate channel one more time to breathe life into the European economy. The limited “cognitive framework” of central banks, who “confounded their sectoral sup-

port operations with their macro-economic objectives” (p. 220), did not allow another approach. This is hard to believe in the light of other sources. The ECB sent secret (but leaked) letters in 2010 to the government of Ireland, threatening to withhold liquidity support to Irish banks if those same banks would not be fully guaranteed by taxpayers. The Zapatero and Berlusconi governments received letters in 2011 to the effect that purchase of bonds was conditional on reducing workers’ rights. In 2010–13 the ECB blocked an EU-wide tax on financial transactions, while forcing higher VAT and labor-taxes on Greece in 2010–2015. Greece was excluded from QE in 2015, which historian Adam Tooze interprets in *Crashed* (2018) as an attempt to “lay siege to Greece’s left-wing government without fear of precipitating a general crisis.” The other way round, no conditions were attached to commercial banks. They could borrow limitless amounts at ultra-low interest rates, with collateral conditions relaxed. The ECB knew very well what it was doing. The book does not consider these political moves by the ECB, while they suggest that the notion that “central banks use very little coercion” (p. 52) solely applies in normal times. The last chapter hits the boundaries of using central bankers as the main source on their own conduct. While their opinions are not simply reproduced in the book, their worldview essentially is. Central bankers are disinterested “bureaucratic entrepreneurs,” committed to “support broad economic well-being” (p. 216), who are knowledgeable but make honest mistakes.

The Rise of Central Banks contains a thorough analysis of what the title promises. It documents how central banks learned to stop worrying and love inflation targeting, resulting in a dominating position vis-à-vis other state bod-

ies. Whoever wanted to stimulate economic growth, employment, or investment had to go through them. The main conclusion is on point: “The central bankers discussed in this book have successfully influenced interpretations of their own trials and have claimed

ownership over success” (p. 237). The rise itself rested on *and* reproduced “a settlement between the private-sector and state interests” (p. 143). This is convincing, but the book does not appreciate that it might be more than a settlement. It is a symbiosis, a class alliance.

With central banks rising, central bankers rose – and they defend the interest of banks, often their previous if not future employer. Inflation targeting *also* serves the function of being the perfect pretext to do that.

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