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# Note from the editor

## Globalization Revisited

The birth of New Economic Sociology, with the renaissance of sociologists' interest in market structures, was closely bound to the political and economic triumph of free competition and international trade openness in the 1980s and 1990s. In 1973, the end of thirty years of politically organized currency rates in the breakdown of the Bretton Woods Regime marked the beginning of what we call "globalization." Gradually, all major industrialized countries reduced their political capital controls and opened their markets, even though there had already been a growing number of shadow markets for international capital trade during the 1950s and 60s. Having lost its role in the Bretton Woods system, the IMF focused on linking crisis aid for developing states in financial distress with the purpose of establishing free capital markets; this was the 'Washington Consensus' of supply-side policies. Moreover, the 1980s and 90s, especially after the Cold War, saw the rise of the WTO and a large number of global free trade agreements, which have until only recently enjoyed an impressive legitimacy across ideologically diverse political camps. Economically, globalization marked the global motion of the capital accumulated over the Fordist period in industrial and oil-producing countries, which led to an explosion of foreign direct investment and lending to developing countries all over the world. Politically, this trend coincided with the end of Soviet communism, a seeming triumph of capitalism as the superior form of society which had no major ideological challenger left. Eastern European and Asian societies underwent an in some cases brutally fast transformation into liberal market economies, often politically and socially organized by the largest global corporation and a group of administrators and political entrepreneurs from Western countries in cooperation with emergent new domestic elites in the transformation countries. Although social researchers have shown that wherever there is sudden change there is also social, political, and institutional resilience, there can be little doubt that, at least in the form of a growing hybridization and polarization, all emerging markets societies faced a historically unprecedented pace of change (Sassen 2007). In industrialized Western countries, this globalization, or to be precise, the permanent *option* for all firms and market actors to engage in foreign economies all over the world, changed the structural balance of power in those countries that had experienced a long-term phase of prosperity, social progress, and successful inclusion through welfare states in the embedded era. From a sociology perspective, globalization meant a harshly reduced ability to drive capital investment and private wealth into political projects of social reform and progress through institutional rules (Streeck 2009). At the same time, a growing number of workers became exposed to competitors in other countries.

The 1990s and 2000s witnessed intense sociological debates about the probable dynamics of globalized market economies and welfare states, with two dominant patterns of argumentation (Sassen 2007; Brenner 1999; Brady, Seeleib-Kaiser and Beckfield 2005). First, the *race-to-the-bottom* perspective assumed that all institutional standards of labor law, product safety, social security and political inclusion would come under scrutiny, because they merely mean high cost for firms who now would be able to move freely between institutional settings, with the option to cash in 'institutional arbitrage' (Jessop 2007; Streeck 2009). This would put governments under pressure to dismantle their welfare state and erode all policies of macroeconomic governance. Second, the *global polarization* approach assumed that it is actually the high productivity of industrial nations that threatens national economies in low-productivity developing countries, which lose their ability to subsidize their marginal industries through currency or capital control, and eventually lose their already weak economic infrastructure, as well as losing their best and most talented brains to Western countries in free international competition (Alderson and Nielsen 2002). Moreover, all capital gains in developing countries now had it much easier to leave their domestic economies and flow to the financial centers.

From a sociological point of view, an important impact of the globalization debate was the erosion of the background assumption that institutional and cultural structures are largely congruent with nation states (Guillén 2001). Under the catchphrase of 'globalization' economic sociologists observed a historically unique degree of divergence between the boundaries of the political and economic spheres, the state and the market, as well as the growing importance of trans-cultural economic activity. This raised a broad range of conceptual questions for social theory:

1What does it mean for the social order of market economies and organizational sociology that globally operating firms vastly exceed the range of institutional regulation by the nation-state? Do we see a pluralization of forms of embeddedness within one organization? How do these corporations bridge cultural and institutional influences on their workforces and production activities in different countries, for example the impact of diverse skill and training regimes?

2How do societies react to the decreasing political and administrative access to investment and organizational decisions? Will new forms of social integration, e.g. on the local or regional level, develop that make up for the weakness of the nation-state? Or is the world society approach justified in expecting a growing convergence of institutional patterns and knowledge repertoires among international organizations and communities that eventually trickles down to a gradual convergence of economic organization worldwide (Meyer 2000)?

3Which actors, groups, networks and communities will develop on the global level? Will there be a renaissance of the economic (or financial) 'cosmopolitan' elite, who may lose touch with middle-class and working-class people to a new degree, establishing distinct lifeworlds and unbridgeable cultural gaps within highly stratified capitalist societies? And/or will we see a re-nationalization of protest in the middle and working classes who will try to slow down this second "Great Transformation" (Polanyi 1944), eventually leading to the renaissance of a strong (potentially neo-protectionist) nation-state?

4What does it mean for capitalist societies that entrepreneurs, investors, managers, and workers are now subject to a multitude of possible identities on both the national and international levels? Do we see a growing fragmentation of individual interests within business and labor, particularly between internationally and domestically oriented groups? To which degree will national regimes of work and firm relations be able to provide comparative cost advantages to nationally dominant branches of industry?

5How will the economic role and resources of state administration change if law and formal institutions lose their de facto power of regulation? Will global corporations step in and become effective regulating powers? Or will transnational agreements between states, like the EU or new international organizations and institutions, re-embed economic dynamics and implement successful technocratic instruments for economic policies leading to an even further de-politicization of economic questions?

The first wave of the debate on globalization within sociology centered on the *causes* and the probable *direction* of the global trend towards free markets, weak nation states, and the growing instability of domestic social structures (Guillén 2001). The focus was put on the macro-social theoretical implications of this new economic order (Meyer 2000; Kellner 2002). However, the second wave of globalization research, which set in quickly, put its efforts into studying how these processes play out on the micro- and meso-levels. They developed a much more detailed, empirical account of the processes of change within and between economies (Bartley 2007; Pieterse 1994). Economic sociology and political economy have both been experiencing a wave of renewed institutionalism since the 1990s that looked at the globalization of trade and capital markets as contextual pressures which play out very differently in different national or even local contexts (Campbell 2004; Thelen 2008; Lieberman 2002; Bonoli 2000; Douglas 1986). They stressed the reluctance, stickiness, or resilience of institutions, economic policies, and established patterns of social interaction within industries (Gourevitch 1992; Hall and Soskice 2001). To a certain degree, New Economic Sociology, with its focus on the role of networks, norms, and routines (Beckert 1996) empirically studied through the dynamics and stabilities of one particular market, could be seen in this context, too. If markets are the most successful form of social organization in global capitalism, then it seems to be directly important for macro-sociology to understand the micro- and meso-embeddedness of those very markets, which political, social, and cultural conditions they create or require. However, the sociological turn towards the micro-processes of globalization revealed the complex back-and-forth relations between the global, the regional, the national, and the local levels that were multi-faceted, often counter-intuitive, and sometimes even contradictory (Heijltjes and Quack 2012; Djelic and Quack 2007; Halliday and Carruthers 2007; Schneiberg and Soule 2005). For example, organizational sociologists showed that firms that went abroad came back to the highly regulated countries; labor sociologists found at least sporadic evidence for races-to-the-top in labor and product standards; and economic sociologists observed the growing importance of self-regulation and standardization in global markets, which sometimes even provided new room for developing countries to find a profitable space in the global value chain.

However, it seems that the concept of 'globalization' has lost some of its paradigmatic power for macro-oriented economic sociology research. Google's *Ngram Viewer* shows a steep increase in books that used the concept since the mid-1980s, with a stagnation (English) or even a clear decrease (Continental European) of its salience after 2003. It also seems that the adverb 'trans-national' has become more common than 'global'. The *Web of Science* shows 167 sociology articles that had 'globalization' in their title between 2013 and 2016, 251 in 2009–2012 and 257 in 2005–2008. During the same period, the frequency of 'transnational' used in article titles increased from 195 articles between 2005 and 2008 to 231 in 2009–2012, and, finally, 290 between 2013 and 2016.

Against this background, it looks like it will be worth it to devote this issue of the EESN to reviewing and summing up the answers to many of those questions, as well as seeking a more encompassing stance on what we have learnt about globalization and its counter-trends and discussing critically to what degree it still makes sense to use this concept. This issue approaches these questions from three fields of research.

First, *Patrick Feuerstein* and *Gary Herrigel* present their review and critique of research on the global regulation of labor standards. They look at the chances and limits of the four pillars of global labor regulation: *International Organizations, Codes of Conduct, International Framework Agreements* and *Multi-Stakeholder Initiatives*. They argue that even though research has often shown that soft law regulation of labor on the global scale remains weak and halfhearted, this is only true if researchers focus on non-firm-based, external laws and codes. If instead researchers focused more on the labor standards that develop *within* globally acting companies, the picture would be different. However stony ratification and the implementation of labor standards are in a global context, there has been a clearly observable change in corporate behavior in many cases. We can observe these dynamics if we look at regulation not from a compliance perspective, but rather from the perspective of capacity building in firms and organizational learning which seeks to identify the causes of successful regulation in the need for all groups in a firm to collaborate in order to guarantee the quality and reliability of the product.

*Olga Malets* approaches the globalization question in her research field of international environmental standards. She points to two different understandings of globalization as a more economic or a more political process and describes a *transformation* of statehood rather than a general retreat of the state. Regulation is a multi-level process with intersecting group activities on the local and global levels, and it is important to study *how* practical experiences in the local implementation of regulatory standards are communicated to the level of transnational regulators. Capture these multiple interaction logics is key to understanding the persistence or even augmentation of global inequality that stands in contrast to the global openness of markets.

In this issue, there is also my interview with *Sigrid Quack* from the University of Duisburg-Essen. Professor Quack has extensively studied trans-national institution-building in economic contexts in her studies of global law firms, transnational copyright laws, and international accounting standards. We discuss the explanatory power and persistent salience of the concept of globalization from a more theoretical point of view. Professor Quack stresses that behind the question of globalization, we encounter the need for an enhanced concept of institution-building that (1) employs the different levels and social groups that participate in these processes and (2) is capable of capturing the gradual, processual character of regulation. Moreover, she argues that (3) institutional theory and social movement research should come together in order to gain a better understanding of trans-national regulation. Finally, we discuss whether the recent political and social disruptions in Europe and the U.S. will eventually lead to a period of 'anti-globalization,' with a return to nationalism and protectionism.

All contributions to this EESN issue point to three very important insights that emerge from the globalization debate. First, even if the full picture is much more complex, the original debate's focus on the perforation of the nation-state has brought the national boundaries of political and cultural structures, of institutions and discourses to the forefront, instead of them being an unmentioned, taken-for-granted background categorization for social processes. This is especially important for economic sociologists with regard to the boundaries or non-boundaries of markets and firms. Second, globalization research has strongly contributed to theoretical progress with regard to understanding the strange co-existence of institutional continuity and change and the different actors and groups involved in institution-building. Third, and maybe most important for economic sociologists, globalization research has reminded us of an observation that used to be unanimous among classical sociologists such as Marx, Weber, Durkheim, and

Simmel: That all economic organization, in firms or in markets, has a crucial political and cultural dimension that must be taken into account. It seems that these elements of social organization become *particularly* visible if we cannot simply attribute the political and cultural sides of the economy to its spatial or territorial context. Globalization therefore forces us to take the fact that markets are a thick form of social organization even more seriously.

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# The Limits of Global Labor Governance and an Emerging Perspective


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## Introduction

The emergence of globally spread but nonetheless tightly integrated global production networks1 has challenged the "traditional" nation-state based way of regulating labor issues. Since global production processes inherently transgress national jurisdictions and political boundaries, labor issues have been a central issue in globalization studies since the very beginning: the rise of global production and capital's ability to move freely between locations gives rise to competing national labor regimes which – as many authors argue – in the long run can generate a "race to the bottom" for labor conditions. Recent media reports of harsh disregard for fundamental labor standards and workers' rights in factories in, among other locations, China and Cambodia have given credence to this thesis. As a result, there is considerable urgency associated with the problem of global labor standards, a problem that has attracted significant research interest.

Even though the globalization of production attenuates the power of domestic controls on the movements of capital (Marginson 2016), this does not mean that global capitalism is simply unregulated (Braithwaite 2008; Djelic and Sahlin-Andersson 2008; Salles-Djelic and Quack 2012). New forms of governance and regulation have emerged in a whole array of areas, including labor standards. Indeed, the movement has been so significant that some authors even claim that elements for a new regime of global labor governance are emerging (Hassel 2008; Meardi and Marginson 2014).

In contrast to former hard law based forms of labor regulation, new global labor governance mechanisms have a non-binding character (Hassel 2008). They primarily rely on soft-law incorporated into multilayered and multifaceted forms of cooperation between different actors. In the debate on the emerging regime of global labor governance, four pillars garner most scholarly attention. First, there are long standing international organizations such as the ILO, OECD, WTO and the UN that have been slowly developing new roles in the global economy. Second, established actors involved in national industrial relations are also adjusting to the new situation. Hence there are union attempts to use their established power resources to regulate transnational company global economic behavior by establishing international framework agreements (IFA). Third, a very vibrant research stream has arisen around the topic of private and voluntary regulation forms, often referred to in terms of corporate social responsibility (CSR) or corporate citizenship (CC). These studies focus on corporate attempts to face customers' and civil society's pressure for better working conditions by voluntarily establishing corporate codes of conduct, guiding corporate behavior towards their own and sometimes also their suppliers' production processes. Finally, a growing number of studies focus on multi-stakeholder initiatives between state and corporate actors, often also involving civil society organizations (NGOs).

According to recent research and media reports, the effects of all these emerging global labor governance forms remain limited: working conditions and employment conditions for a wide range of workers in the global economy still fall below internationally agreed upon standards, such as the core labor standards as defined by the ILO.

In this article, we want to discuss the limits of the different pillars of global labor governance and point to a promising new stream of research. We will argue that research on global labor governance so far has primarily been concerned with policy and institution building outside of the firm rather than with direct work and production. As we will argue in the following, there are interesting signs suggesting that efforts by firms to globally implement self-optimizing systems in their direct production and supply chain operations (lean practices, corporate production systems, supply chain management systems, etc.) may not only improve production and product quality, but labor (and management) quality as well. We argue in the following that these signs hint at a new approach to improving labor conditions in global supply chains that, by redirecting scholarly attention to the often forgotten level of direct production governance, extends the debate about global labor governance by raising new research questions in at least two important ways2. First, the impact of varying forms of direct labor governance on labor quality needs to be examined. The research so far hints at the possibility, that under certain circumstances, direct production governance, rather than external monitoring by third parties, may by itself lead to increased labor quality in global supply chains. Second, because efforts by firms to govern and regulate direct work and production processes shape the challenges and possible solutions for the improvement of global labor standards within these firms and their supply chains, it is important to analyze the way in which these production related strategic practices interface with monitoring efforts by external (public and private) authorities. How do external regulatory practices encourage or hinder the success of innovative practices focused directly on production governance?

We proceed with this argument by first outlining the four pillars usually considered core to the new regime of global labor governance focusing especially on their limited ability to improve labor standards, and then second, outlining the promising potential within the newly emerging perspective emphasizing the central role of self-optimizing systems within direct work organization and production process governance.

## Four pillars of global labor governance

### International organizations

The most important international organization for global labor standards is clearly the UN's labor department, the International Labor Organization (ILO). Since its founding in 1919, the ILO has dealt with various global labor problems. The ILO's primary tools are the 189 conventions it has released since its founding. ILO conventions have the status of international law. In order be effective, ILO conventions have to be ratified by its member states on voluntary basis. By ratifying the conventions, the member states commit themselves to the implementation and maintenance of the respective convention. The ILO does not contain any mechanisms to enforce compliance but instead "names" and "shames" governments that do not adhere to the ratified conventions.

In 1998 the ILO issued a "Declaration on Fundamental Principles and Rights at Work" that highlighted four core labor standards (CLS): (1) freedom of association and the right to collective bargaining, (2) the elimination of forced labor, (3) the abolition of child labor, and (4) the elimination of discrimination regarding employment and occupation (ILO 2010).

While conventions remain the ILO's primary activity and legislative tools, some authors argue that the 1998 declaration and the formulation of CLS constitute a shift in ILO strategy (for example Alston 2004; Hassel 2008; Vosko 2002). The main difference between former ILO conventions and CLS is that the latter "were to be respected, promoted, and realized by all members of the ILO, even if they had not ratified the conventions in question" (Hassel 2008: 237). In effect, this separated ILO core labor standards from the actual ratification process. The move has proven to be fertile ground for various decentralized and flexible forms of labor regulation that not only include the ratifying states but also non-state actors, like non-government organizations (NGO) and social movements. But, significantly, they have also tangibly reoriented corporate behavior. Most corporate codes of conduct, for example, in one way or the other draw on the ILO core principles. The ILO core standards therefore, although formally unenforceable, serve as an important frame of reference for the global regulation of labor issues. This tendency is further increased by the fact that ILO core standards have made their way into the UN Millennium Development Goals (MDG) and its successor the Sustainable Development Goals (SDG) that serve as an important frame of reference for a multitude of different actors in addition to national governments.

The OECD is another international organization relevant for global labor standard regulation. In 1976, it issued "Guidelines for Multinational Enterprises" which contained norms for MNE behavior. The guidelines were expanded to include supplier networks in 2001 (Meardi and Marginson 2014: 1038). Even though the OECD guidelines contain a mechanism for non-compliant companies, it is rarely used, so the guidelines are effectively advisory (ibid.).

In the 1990s, the US government undertook a more far reaching attempt to root labor standards in international organizations when it attempted to integrate labor standards and labor rights into the newly formed World Trade Organization's (WTO) trade regime. The idea was to leverage the WTO's authority to regulate trade flows in order to enforce labor rights norms. The attempt ultimately failed as the inclusion of labor issues in trade agreements was considered hidden protectionism. Ever since, labor standards have not been an agenda item at the WTO. (Meardi and Marginson 2014).

As a result, virtually all international organizational labor standards are still voluntary. There is no mechanism in sight that would enable any actor to enforce labor standards on a global scale. Nonetheless, internationally negotiated and formulated labor standards (especially from the ILO) constitute important frames of reference for actors on other levels of global labor governance.

**International framework agreements**

Another and more recent approach to improve labor standards in global production networks comprises the negotiation of international framework agreements (IFA) (Dehnen and Pries 2014). IFA's are trade union attempts to leverage home country strength to force multinational companies (MNCs) to enhance labor standards in off shore subsidiaries and supplier networks. Hence, this mechanism depends on negotiations between global union federations (GUF) and MNCs. Because this approach depends on the strength of the unions' leverage in their home countries (Brandl 2006), it limits the spread of IFAs: the majority of IFAs so far have been negotiated in European multinationals (Fichter et al. 2012; Krause 2012). Recent research shows international framework agreements having some modest success in facilitating dialogue und improvement of labor conditions in German multinational supply chains (Fichter et al. 2012). Diffusion depends a lot on the GUF involved. As (Fichter et al. 2012) point out, so far only one German union, "IG Metall", has seriously attempted to establish IFAs. This effectively confines IFAs to the sector within the German economy with the highest degree of unionization.

But problems with IFAs are more fundamental than their modest numbers and limited spread. As (Krause 2012) points out, IFAs are often of unknown legal status and often require arcane baroque language to make the agreements legally binding on employers. And even if IFAs are legally binding, it is unclear whether unions are actually willing to take this step because legal action could endanger the trust between GUF and multinational corporations (Krause 2012). In addition, existing IFAs differ in whether the regulations apply only to MNC subsidiaries or to suppliers as well. This obviously has a significant effect on IFA impact on offshore working conditions within the MNCs. (Fichter et al. 2011).

Even more basically, GUFs are deeply affected by the challenges increasingly confronting home country unions: even in well organized sectors, declining membership leads to cuts in resources and ultimately reduces the leverage available to unions to pressure MNCs into effective IFA implementation and enforcement (see Müller et al. 2003, 2010).

Though limited in their impact, IFAs are distinctive in that they aim to impose binding global labor standards on MNCs. They thus constitute an important alternative to both the normative approaches deployed by international organizations and the private, purely voluntaristic forms of labor regulation originating from corporate behavior that we will turn to now.

**Codes of conduct**

One of the most vibrant areas of research in recent years has been the rise of private forms of labor regulation often referred to as corporate social responsibility (CSR) or corporate citizenship (CC) (Bartley 2007; Macdonald 2014; Mayer and Gereffi 2010). CSR activities represent unilateral corporate labor standards commitments. Proponents of this approach try to link MNC bargaining leverage in production networks to the maintenance of labor standards. The main vehicle here concerns corporation specific (often self-drafted) codes of conduct designed to guide the company's economic behavior. The contemporary number of corporate codes of conduct is vast. Though the detailed content of codes of conduct differ significantly, all of them emerge as company responses to increasing external normative pressure from NGOs or ethical consumers. Increasingly, activist pressure can use unethical corporate behavior to harm MNC reputations (Lund-Thomsen and Lindgreen 2013). Emblematic for this mechanism are the early scandals that are associated with NIKE, Reebok or recently KIK, who were all criticized by activist civil society organizations for the conditions prevailing in their supplier networks. Companies must voluntarily and independently implement these codes of conduct in their own operations and – depending on the scope of the respective code – the operations of their suppliers as well. Code compliance is evaluated by monitoring and auditing activities. Non-compliance with the code of conduct should result in penalties or, as a last resort, termination of the business relationship (R. M. Locke 2013).

Though codes of conduct share a fairly abstract common mechanism, in practice there is much variety. First, companies can create and implement their own codes of conduct or they can refer to third party standards that serve as de-facto standards in certain fields. Examples for these kinds of third-party standards are the Fair Labor Association (FLA) or the above mentioned ILO core labor standards that are very often referred to in various codes of conduct. Specialized certifications like "Fair-Trade" can also be put in this category (Mayer and Gereffi 2010).

Second, companies can organize the monitoring and auditing process in-house or cooperate with external entities such as specialized agencies or NGOs focusing on monitoring activities. In the latter case, monitoring is separated from the company to circumvent possible conflicts of interest.

These differences can have significantly divergent impacts on labor conditions. Some authors argue that private forms of regulation solely serve as "window-dressing" for MNCs that are only loosely connected to their "real" economic behavior, while others point to at least partial improvements by the implementation of codes of conduct.

While we acknowledge that codes of conduct can have some effect on labor standards, the four factors below point to their substantial limitation as a mechanism for the elevation of global labor standards.

First, not all companies face the same external pressure by civil society. Hence, the need to implement codes of conduct varies depending on brands and sectors of the economy. So while important western brands, such as NIKE or Apple, face severe pressure to regulate their own processes and those of their suppliers, other lesser known companies do not feel the same pressure to do so (Mayer and Gereffi 2010).

Second, many critics suggest that the main enforcement mechanism, monitoring and auditing process to secure compliance, is flawed (Barrientos and Smith 2007; R. Locke et al. 2009). Even if a firm avoids interest conflicts and uses a third party for monitoring and auditing, the effective monitoring of whole production networks and increasingly complex supply chains is very difficult. In addition, studies report that suppliers successfully manipulate the various customer and third party audits. Accordingly, non-compliance is systematically underrated and rarely appropriately sanctioned (R. M. Locke 2013).

Third, the vast number of competing and often contradictory codes of conduct can overtax suppliers and make it difficult for them to secure compliance. When suppliers work with different customers, they must comply with different codes. This can cause chaos in their operations and make it difficult to comply with all systems at the same time. To cope with this (and keep their business) suppliers devise ways to decouple formal compliance from the real underlying practices that govern their production operations. (R. M. Locke 2013).

Lastly and more fundamentally, critics of private regulation fear that their increase might "crowd out" public regulations. Since private regulations are usually less binding in nature, their diffusion as substitutes for public regulation can effectively reduce labor regulation in global production networks (for a critical review of this discussion, see Büthe 2010).

On the whole, the literature suggests that corporate codes of conduct have a limited impact on labor conditions. On the one hand, the spread of corporate codes of conduct does not yet include all sectors of the economy in the same intensity. On the other hand, even in sectors covered by codes of conduct, non-compliance persists. Additionally, when codes do seem to have an impact, it is limited to specific areas. So, for example, the impact seems to be comparatively strong where labor conditions are measurable and easy to monitor, such as in health and safety areas. Impact is low, however, in more contested areas such as the payment of overtime, minimum wages, and even the issuance of formal contracts. The impact from codes of conduct is weakest where enabling or process-rights are at stake, i.e. freedom of association and collective bargaining (Barrientos and Smith 2007).

Given the limited impact of purely voluntary and private forms of regulation, many authors consider a mixture of public and private forms of governance, often referred to as multi-stakeholder initiatives, as a promising way to improve labor conditions.

**Multi-stakeholder Initiatives**

Multi-stakeholder initiatives (MSI) are even more diverse than the emerging forms of voluntary private regulation represented in codes of conduct. (Fransen 2011) defines MSIs as "a universe of initiatives in which the expertise, skills and finance of non-profit and for-profit organizations are pooled" (S.166). The aim is to strategically integrate actors from the public and private spheres in order to combine their respective strengths (Weil 2005). MSIs can be found in various phases of the governance cycle, from the collaborative design and definition of standards through to the collaborative implementation, monitoring and evaluation of conduct (Utting 2002). In general, MSIs promise to overcome several shortcomings in the unilateral forms of regulation already discussed.

First, coordinated or even industry-wide efforts to harmonize corporate codes of conduct reduce potential conflicts stemming from different codes to be implemented by suppliers. Important MSI like the UN's Global Compact or the Ethical Trading Initiative (ETI) formulate compulsory codes to be implemented by their members. In this way, MSIs not only reduce conflicts among codes (making them easier to implement); they also improve code quality by involving actors with different expertise and interest in the drafting of codes.

Second, when it comes to monitoring and auditing implemented codes, MSIs may serve as independent organizations, overcoming conflicts of interest prevalent in various former (in-house) monitoring and auditing practices. As such, many MSIs require their members to regularly document their efforts and progress or, even more far-reaching, allow independent auditors to evaluate the implementation of the respective codes of conduct. As such, MSI proponents expect the quality of monitoring and auditing to increase. Lastly, MSIs may serve as fora for sharing expertise and best-practice between different actors involved in the regulation of global economic activities. These may include companies as well as trade unions and political bodies. As such, MSIs are also used to collaboratively explore new strategies and approaches.

As we noted above, MSIs come in very diverse forms, and research so far has only begun to understand the complex interrelations between private standards and the various levels of regulation exerted by state and non-state actors also involved in the process (Coslovsky and Locke 2013; Gereffi and Lee 2014; Mayer and Gereffi 2010). But research conducted so far suggests that MSI suffer from some of the constraints that also plague unilateral approaches (for the following, see Utting 2002). For example, membership in MSIs remains voluntary, and while MSIs can terminate the membership of non-compliant members, there is also no mechanism to enforce the implementation of codes of conduct. This also affects the process of independent monitoring and auditing. Only a minority of MSIs have succeeded in implementing independent auditors and overcoming conflicts of interest. The same goes for code harmonization: the proliferation of MSIs increasingly recreates the problem they were meant to solve. Different codes drafted by different MSIs compete with the known effects on the suppliers' behavior. Consequently, the strong business presence in MSIs coupled with a lack of reliable enforcement mechanisms, have led many to dismiss MSIs as little more than corporate public relations: i.e. arrangements that provide legitimation for actions independent of results.

## The promise of an alternative perspective

The approaches sketched above are usually at the core of debates about global labor governance. Though the approaches have obvious differences in actors and levels involved, they also share similar characteristics:

First, they are "compliance-based" approaches (Lund-Thomsen and Lindgreen 2013). Multinational companies, unilaterally or in cooperation with GUFs, NGOs or public authorities, are the main drivers in labor standards formulation (or the embrace of existing third-party standards). They use their power in global production networks to force their suppliers to acknowledge standards, closely monitor their implementation (often in cooperation with third parties, either private or public) and threaten deviant subsidiaries and suppliers with sanctions in case of non-compliance. Second, a core feature of these mechanisms is that they are top-down in character in that the standards come from management and outside players and to date do not involve production level players (production management, workers) especially on the side of the suppliers**3**. Third, they all operate on the policy level and primarily understand global labor standard implementation as an effort to pressure firms from the outside through the imposition of transnational rules and constraints on behavior.

As these limitations on the compliance-based approaches have become increasingly obvious in recent years, some authors and practitioners in the field have started to explore alternative ways to promote labor standards in global production networks. In contrast to the focus on compliance, these actors shift attention to intra MNC and intra supply chain governance dynamics concerning the direct production level. This new perspective emphasizes capacity (capability) building, learning and self-optimization systems within firms as the main drivers for improving labor conditions within global production networks. The claim is that the main sources for bad labor conditions lie in the (limited) management and worker capabilities within offshore subsidiaries and suppliers. Such capability deficits not only affect product and production quality, they also undermine suppliers' ability to cope with the strong price and cost pressures characteristic of global production networks. Because it tries to achieve benefits by strengthening local players involved in direct production, this alternative approach has been labeled "cooperation-based" (Lund-Thomsen and Lindgreen 2013). Here however, cooperation does not simply involve amicable relations between MNCs and suppliers or MNCs and monitoring organizations. Instead it aims for collaborative workplace and intra-MNC relations that are focused on continuous improvement and are based on capability and skill driven mutual dependence. As such, the approach differs fundamentally from the top-down pressure characteristic of the compliance-based approaches discussed above. Rather than the imposition of external rules emphasizing compliance and constraint, the alternative approach focuses on the creation of conditions for continuous *upgrading* and *mutual learning* as the main drivers for improving labor conditions.

Three main features are usually attributed to this new approach (for the following, see Lund-Thomsen and Lindgreen 2013):

First, multinational companies need to revise their purchasing practices and establish long-term and coordinated relations with their suppliers. This establishes conditions for suppliers to invest in the improvement of their production quality by minimizing pure price based competition among suppliers. This, in turn, makes it possible for suppliers to engage in longer term planning and avoid hiring and firing due to unpredictable shifts in orders and production volumes.

Second, close cooperation allows MNC customers to invest in capability improvement in their suppliers. This enhances supplier production quality and reliability (for delivery and volume management) and, as expected, in the long run also increases work and labor conditions.

Third, monitoring and auditing labor conditions is conducted not only by knowledgeable local auditors able to grasp a more holistic picture of the labor conditions, but also by quality assurance and supply chain management in the MNCs themselves who have an interest in achieving better production quality and reliability among suppliers. In this way, the division of labor between internal and external monitoring becomes cooperative rather than competitive as external auditors can attend to issues related to local conditions within and outside the supplier, while the internal auditors focus on production quality and reliability more generally along the value chain.

The main idea behind this approach is that more collaborative purchasing practices can be in the interest of the buyers as well as the suppliers. For the buyers, a focus on collaborative optimization and continuous improvement increases sourced product quality and reliability. Suppliers, for their part, gain reliable business, better margins for their work due to productivity improvements and process related cost reduction. They also gain opportunities of moving up market and acquiring more lucrative work. With regard to labor relations, enhanced collaborative self-optimization methods give both customer and supplier firms an incentive to invest in employee (and management) qualification upgrading. Longer term collaborative interaction between customers and suppliers reduces the risk associated with the investment in labor skills and continuous improvement. Higher returns from investment in the workforce in turn creates mutual interest on the part of supplier and customer firms to ensure that increasingly valuable employees can be retained – leading to investment in the quality of the workplace, working conditions, terms of pay, working-times and contracts (R. M. Locke 2013).

The empirical evidence in this area is limited, but on the whole quite positive. Herrigel et al. (2013) describe the case of a German manufacturing multinational's relations with Chinese suppliers where the systematic use of corporate production systems over time results in mutual learning and collaborative governance that enhances both the MNC's and the supplier's ability to face unstable and volatile markets. In a similar vein, Jürgens and Krzywdzinski's (2014) study of German automobile producers comes to the conclusion that closer and more integrated production systems lead suppliers to demand higher skill levels for their employees and promote long-term skill formation and employment strategies. In another sector of the economy, Ivarsson and Alvstam (2010) present evidence from IKEA's supply chain that confirms and extends these insights, demonstrating that collaborative and long-term relationships with suppliers in China, paired with IKEA's efforts to enhance the capabilities of their supply base, lead to mutual learning and significant technical and managerial upgrading among suppliers. Improvement of both environmental and labor standard practices is an integral by-product of these production and management upgrading strategies (Ivarsson and Alvstam 2010: 749).

The most detailed capability building studies so far have been published by Richard Locke and his colleagues in various articles (Distelhorst et al. 2013; R. M. Locke et al. 2007; R. M. Locke 2013). Analyzing NIKE's supply chain – with unique data and corporate access – their research shows positive results from the spread of self-optimization oriented lean management techniques across NIKE production facilities and among its suppliers. NIKE's focus on the enhancement of supplier capability fosters mutual learning and continuous supply chain improvements in ways that invariably produce increased worker participation on the shop floor level. These specific capacity building practices, as Locke and his research team show, increase suppliers' compliance with labor standards.

Despite these interesting suggestions in the literature, research so far also shows wide variation in results by geographic location, host country institutional capability and economic sectors. It is unclear what the necessary institutional and political preconditions for the success of these strategies are. We also do not know enough about how capacity building strategies differ by sector, sectoral supply chain characteristics or whether or not success in one sector can be transferred to others. Finally, little is known about intra-firm processes and mechanisms that contribute to or block the positive effects of this new approach on labor conditions.

Despite these open questions, we believe that there is great promise in this area and that it will reward further research and policy attention. Indeed, the three points below seem in particular strong enough to constitute orientation markers for further research.

First, the approach redirects the focus from the transnational institution building and policy level to the governance of direct production, and even the shop floor, along the supply chain. Much evidence suggests that closer collaboration, focused on optimization and continuous improvement between buyers and suppliers in global production networks, represents a new factor impacting the quality of work. As such, Distelhorst et al.'s (2013) work on Nike in particular shows how the use of lean techniques, focused on collaborative continuous improvement, produces outcomes that clearly exceed the impact of former codes of conduct (for a case study of adidas with similar results, see Frenkel and Scott 2002). Hence, the crucial question here is to understand the conditions under which firms embrace these sorts of practices and what conditions have to be met for these practices to generate desired outcomes. In order to understand how such practices emerge and diffuse, it is necessary to examine sectoral and political/institutional background conditions, as well as firm- and supply chain-internal dynamics shaping the diffusion of collaborative self-optimizing systems, such as lean practices and corporate production systems.

Second, this new level of analysis not only complements the compliance-based approaches discussed above, it also makes it possible to study the interplay of different producer strategies and forms of regulation at a level where their impact is most direct and crucial. Like other private forms of regulation discussed above, capacity building measures do not operate in a vacuum but instead operate alongside and within other frames of regulation involving both public and private players and strategies. Accordingly, this approach's focus on direct production governance practices makes it possible to analyze complex relationships between the various levels of direct-production upgrading regulation affecting labor and production in global networks. Ultimately, the alternative approach suggests that one cannot properly understand the impact of top down (external) private and public regulatory forms without paying systematic attention to the bottom up (internal) dynamics within firms and supply chains that emerge as players attempt to achieve sustainability and competitiveness in the market place.

Finally, the focus on the level of direct production governance enhances the understanding of globalization as contingent, multi-layered and politically contested processes. Instead of understanding globalization as a unitary "race to the bottom" or as an unproblematic purveyor of openness and opportunity, we agree with Cooper (2001) that we "need to understand with precision the patterns of interconnection, the choices and constraints which they imply, and the consequences of different sorts of actions along different sorts of interfaces" (213). Introducing the level of direct production and focusing on the effects of varying forms of intra- and interfirm governance on work and employment inescapably highlights crucial interconnections and interfaces involving multinationals, transnational NGOs and national governments in developed and emerging economies. Indeed, focusing on the recompositional dynamics of firm and supply chain level production governance and reorganization may become even more important in the next years. The growth of anti-globalization sentiments in Europe, North America and around the globe threaten to recalibrate relations among national powers and destabilize the free flow of trade and the architecture of standards that undergirds transnational supply chains and MNC global production strategies.

Such global political uncertainty could make it difficult to find ways to raise standards and establish accountability through external pressure on firms in coming years. But, unless we experience a complete collapse of global commerce, concrete interdependent transnational and global production and supply relations will persist. MNCs will continue to have strong (even growing) interests in expanding their offshore production operations and networks in growing and increasingly sophisticated emerging markets. They will likely try to retain their transnational operations and networks in the face of even the most onerous of reforms in public transnational norms and governance arrangements. In the near future, efforts on the part of transnational firm and supply chain stakeholders to construct self-optimizing governance architectures across their still obstinately global operations, could be one of the few areas in which headway in the struggle for a better worklife and higher labor standards will continue to be made. Certainly it will provide a useful platform to analyze the reform and recalibration of the architecture of players and practices that affect firms from the outside.

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*The authors are currently working on a joint research project funded by the German Research Foundation (DFG) on the effects of corporate production systems on the quality of labour in global supply chains.*

## Endnotes

1In this article, we simply refer to global production networks although we know that there have been important debates about whether it is better to conceive of forms of global production as networks or chains. While we agree that global production is rarely linearly organized in single chains, we also acknowledge that research often simplifies existing networks for the purpose of analytical clarity.

2A similar argument has been made in mainstream economic sociology for example by Fligstein (2001, 2012) stressing micro-level processes in the emergence and transformation of markets. And although our focus is not directed towards the governance of markets, but towards the governance of production itself, we share Fligstein's emphasis on micro-level, bottom-up processes for the institutionalization of fields.

3Obviously, IFAs may involve workers' representatives on different levels and different destinations. But to date, IFAs are predominantly negotiated by western GUFs and MNCs, only partially including suppliers and local unions (Felix Hadwiger, 'Global Framework Agreements: Achieving Decent Work in Global Supply Chains?', International Journal of Labour Research, 7/1-2 (2015), 75-94.).

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# Globalization, Governance and the Nation-state: An Overview

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## 1 Introduction

Globalization has been one of the central topics in the fields of social science and economics for several decades. A simple search on the Web of Science/Social Science Citation Index databank reveals 21,058 journal research articles published between 1990 and 2016 that contain the terms "globalization" ("globalisation") in the title, abstract, or keywords. That is more than two articles per day. This number does not include the thousands of books, book chapters, conference papers, research reports, and blog entries dealing with globalization, and it also does not include publications that may use related terms, such as "global" or "globalizing". If the term "state" is added to the search, the Web of Science returns 18,577 articles, or 88% of the "globalization" articles. Obviously, this statistic is difficult to interpret, but it appears that although it is still common to think of globalization as something going on beyond the state, the study of globalization and particularly the global economy is impossible to imagine without a discussion of the role of states in the emergence and evolution of the global economy. This brief review makes a very modest attempt to provide an overview of the recent literature dealing with the relationship between globalization and states in economic sociology and related disciplines and proposes several directions for further research.

This review is subject to caveats. The topic of globalization is extremely broad and inherently interdisciplinary. Among the 21,058 articles, only 2,213 were published in sociology journals, according to the Web of Science subject categories.[1] Other top disciplines include economics (3,625 articles), geography (2,379), political science (2,307), and international relations (1,681). It is therefore not feasible to include all perspectives, economic sectors, policy domains, and geographic units, such as countries or regions, in the review. The selection of the policy areas literature for this review is based on the author's research interests and focuses mainly on the sociological literature, which means that the selection is naturally biased and partial.

The paper is structured as follows: The next section discusses two conceptualizations of globalization – as a set of profound economic transformations and as a set of governance projects. Section 3 focuses on the re-scaling of political authority in the global economy and reviews what actors are claiming rule-making authority in the transnational space and how the re-scaling of authority affects the role of nation-states in globalization and its governance. Section 4 reviews several relatively new theoretical and empirical approaches focusing on the complexity of the interplay between public and private actors and transnational and national rules at transnational, national and local levels. The concluding section outlines several avenues for future research.

## 2 What is globalization?

Due to the vast scope of globalization, there are dozens if not hundreds of images of globalization. Although there clearly are cultural, legal, social and ecological aspects of globalization, it is typical for economic sociologists to use economic and institutional (or political) theoretical lenses for examining globalization. Scholars focusing on economic and market aspects of globalization view globalization as complex flows of goods and services and networks of actors involved in their production and trade (Held, McGrew, Goldblatt and Perraton, 1999). They emphasize global economic integration, the emergence of international markets, and the extensive growth in international trade, foreign direct investment, and global financial flows in the second half of the twentieth century. This, however, is not unprecedented in global economic history: trade flows were significant before World War I and the Great Depression (Gereffi, 2005: 163). What distinguishes the globalization period that started in the 1960s is the qualitative shift in the structure of the global production of goods and services: This shift involves the fragmentation and re-organization of production processes across borders and their geographical relocation across national and territorial borders, as well as the emergence of new financial instruments and global financial markets (Dicken, 2003; Gereffi, 2005: 162-64).

To capture this shift in the structure of the global economy, in particular the fragmentation and reorganization of manufacturing, students of the global economy, including several prominent economic sociologists, have developed several analytical approaches focusing international production networks (Borrus, Ernst and Haggard, 2000), global commodity chains (Gereffi and Korzeniewicz, 1994), and global value chains (Gereffi, 2005; Kaplinsky, 2001). They focus on the structure of global supply chains, their governance and coordination, and their evolution over time. In particular, they focus on the central role of transnational corporations (TNCs) in shaping the contemporary global economic system (Gereffi, 2005: 164). The concepts of global production networks, commodity chains, and value chains overlap in their focus but have different emphases; for instance, the global production networks literature focuses on the structure and governance of supply chains, while global value chain approaches focus on the creation and capture of value in cross-border supply chains (Gereffi, 2005: 168).

A different view of globalization is offered by scholars focusing on its institutional and political aspects (Bruszt and McDermott, 2014b; Djelic and Quack, 2003b; Djelic and Sahlin-Andersson, 2006). Economic activities rely on governance frameworks; the global economic changes described above, therefore, require their modification. In the 1990s, mainstream thinking about regulatory changes associated with global economic integration stressed the dismantling of domestic and international governance frameworks imposing barriers to trade, or "negative integration" to use Scharpf's (1996) language. Others refer to these processes as neoliberal globalization (Chorev, 2005). Today, it has become common sense that global economic integration is also associated with the modification of existing governance frameworks and the development of new frameworks that replace the old ones or coexist with them. Scharpf (1996) refers to this process as "positive integration." Political and institutional change is no longer only confined to various rules on trade and financial liberalization. It includes other types of rules as well, such as rules forcing firms to address the social and environmental consequences of their global operations (Bartley, 2007). In this vein, Djleic and Quack (2003a) define globalization broadly as a double process of institutional change at the national level and transnational institution building. Globalization, they argue, is "deeply about governance": it is about the fundamental transformation of governance systems in many countries and about the building and stabilization of new governance systems in the transnational space (Djelic and Quack, 2003a: 6; see also interview with S. Quack in this issue).

Fligstein's (1996, 2001) approach in the sociology of markets illustrates these broad ideas. He argues that markets require societal infrastructure in order to exist. Societal infrastructure includes various types of rules, or institutions, which shape mutual expectations and terms of interaction between market participants. Examples include, for instance, property rights, currency, courts, and laws and regulations. Fligstein (1996) distinguishes between four types of rules that markets depend on: property rights, governance structures, rules of exchange and conceptions of control. From this perspective, the emergence and development of global markets requires building institutions that structure, regulate, and coordinate the various activities of different actors in global markets. Applying it to the case of the European Union and its common market, Fligstein and his coauthors (Fligstein, 2008; Fligstein and Mara-Drita, 1996; Fligstein and Stone Sweet, 2002) argue that European governments, in response to firms' and other market actors' demands to facilitate cross-border trade, created European institutions, such as the Treaty of Rome, and organizations, such as the European Commission and the European Court of Justice. These organizations have dismantled barriers to trade (negative integration) and created a single regulatory framework that has replaced national regulatory regimes (positive integration).

The literature on globalization as an institutional project expands the sociology of markets approach in at least two ways. First, this approach suggests that governance transformations, both transnational institution building and national institutional change, occur in response to structural economic transformations and in response to the demands of firms and other market participants interested in rules for expanding markets and trade. However, scholars have also shown that institutional and organizational changes at the national and transnational levels may precede rather than follow structural economic changes (Chorev, 2005). The relationship between economic transformation and transnational governance is not straightforward. Second, Fligstein analyzes how governments and international organizations created by governments build, change, and dismantle institutions for the regional and global economy. Over the last two and a half decades, a broad literature on transnational private governance has emerged. It focuses on the central role of nonstate actors, including business, civil society groups, and expert communities, in building institutions that regulate and coordinate the behavior of actors in global markets (Djelic and Sahlin-Andersson, 2006). One of the prominent examples is the setting of transnational standards ranging from technical standards for electronics to accounting standards facilitating cross-border economic activities (Botzem, 2012; Büthe and Mattli, 2011).

Looking at globalization and the global economy as a political and institutional, or governance, project illuminates its contested and negotiated nature (Chorev, 2005; Djelic & Quack, 2003b; Djelic and Sahlin-Andersson, 2006). This means that globalization is about power and authority. It is not about rules that enable the most efficient allocation of resources on a global scale; it is about political struggles and the unequal distribution of various resources, costs, and benefits. In this sense, transnational and global regulations are viewed in the current literature as a reflection of dynamic processes of (re-)distribution of power and resources, a reflection of constantly evolving constellations of actors who have specific ideas about the importance of the free movement of goods and capital across borders for global welfare and development and other types of rules and regulations. In order to understand economic globalization, it is crucial to explore the constellations of actors, their strategies, and the political struggles they are involved in. The next section reviews various types of actors that have emerged as active rule-makers in the transnational space and challenged the authority and autonomy of states to make and enforce rules and regulations.

## 3 The re-scaling of political authority in the global economy

How does the economic and institutional globalization literature view the relationship between globalization and the state? In the relatively early literature on the state and globalization in the 1990s, the widespread image of this relationships was "the retreat of the state" captured by Strange (1996) in the title of her famous book. The state, Strange argues, is no longer able to exercise power because global markets have become more powerful and increasingly shape national policy. Many critical analysts of globalization have drawn – and continue to draw – attention to the tendency of economic globalization to undermine states' authority and capacity to make and enforce national rules (Jessop, 1997, 2002). Since this global economic transformation is associated with rules and institutions facilitating the free movement of goods, services, and capital across borders and therefore requires the dismantling of institutions protecting national markets and production systems and other rules, states give up or are forced to give up authority over national policy-making. In his latest book, Streeck (2016) diagnoses the victory of global capitalism over democratic states and warns that no political institution today is capable of controlling liberalized markets, in particular the global financial sector.

Where has the authority gone, then? In other words, what types of actors gain authority in the globalized economic and financial system? The globalization literature provides numerous conceptualizations of the redistribution and rescaling of political authority in the global economic system. Neo-Marxist scholars, for instance, argue that power in the global economic system is increasingly concentrated in the hands of the transnational capitalist class (Carroll, 2010; Sklair, 2001). Using social network analysis and other methodologies, they mainly identify interlocking ties in global corporate networks and argue that the owners and CEOs of global corporations form the core of a global ruling class that shapes global and national policies to serve their interests. The transnational capitalist class also includes globalizing bureaucrats, globalizing professionals, and consumerist elites (Sklair, 2002: 145). Together, they form and reproduce a global corporate community with distinct cosmopolitan lifestyles, cultures, and values. In a recent contribution to the transnational capitalist class literature, Carroll (2010) analyzes corporate-policy networks and illuminates how the interlocking ties and multiple affiliations of the representatives of the transnational capitalist class help them shape policies and institutions, strengthening the elite's power and organizational structures. Although written in a different theoretical tradition, Harrington's (2016) book also illuminates how the richest people in the world hide their wealth in offshore banks and shell corporations, which seriously compromises state authority and capacity to govern.

Other scholars focus on the geographical relocation of political authority. The strongest statement in this perspective is Sassen's (2001) work on global cities. Her point of departure is that the global economy is characterized by the fragmentation, reorganization, relocation, and dispersion of production in cross-border supply chains. In contrast to agricultural production and manufacturing, producer services, including financial, insurance, legal, marketing, and consulting services, have become increasingly concentrated in a dozen of the world's largest cities, including mainly New York, London, and Tokyo, but also Frankfurt, Paris, Singapore, and Hong Kong. Firms offering producer services form transnational networks and facilitate the integration of the global economy. Sassen's framework emphasizes the critical role of these firms in shaping the global economy and in the redistribution of wealth, and it points out that global power and authority is relocated from nation-states to global cities and is concentrated in global cities within the territories of several nation-states.

Another "usual suspect" taking authority from the state in the globalization literature is the transnational corporation. Gereffi (2005) observes in his detailed review that in the 1970s and 80s, the common attitude of many researchers was that TNCs had grown big enough and powerful enough to challenge the autonomy of national governments to make and enforce domestic rules. TNCs were viewed as undercutting "the ability of nation-states to build domestic industries controlled by locally owned firms" (Gereffi, 2005: 165). Theoretically, these ideas were inspired mainly by political economy perspectives, including the theory of dependency (Cardoso and Falletto, 1979) and the world-systems theory (Wallerstein, 1979). According to Gereffi (2005), since the 1990s, organizational and institutional approaches have been actively developing and now offer a different perspective on the complex relationship between globalization and nation-states. In particular, organizational approaches focusing on the role of TNCs and global production networks in globalization highlight that the integration of specific developing countries into global supply chains, as coordinated by TNCs, facilitates industrial upgrading in specific industries in these countries, such as the apparel industry in the newly industrialized East Asian countries (Gereffi, 1999; Gereffi and Memedovic, 2003).

A similar debate has been unfolding in the related transnational regulation and governance literature. A conventional argument is the "race to the bottom" (Braithwaite and Drahos, 1999: 109): in a global competition for investment and capital, states are forced to lower the regulatory burden, in particular their environmental and social standards, fearing that otherwise TNCs will relocate production or choose other countries for new facilities. The process of relocation in response to more favorable regulation and taxation has been known as the "Delaware effect" (Vogel and Kagan, 2004). However, governance research has shown that economic integration may ratchet up environmental, social, and economic standards and policies. Vogel (1995) shows that under specific conditions, firms in highly regulated jurisdictions may choose not to flee, but to coalesce with other actors, such as environmental or labor rights groups, and convince their own governments to push governments in less-regulated jurisdictions to raise regulatory standards. Vogel (1995) labels this process the "California effect." Similar processes also apply to global economic integration. At the same time, a classic in regulation and governance research, Braithwaite and Drahos' (2000) book draws a similar conclusion to Vogel (1995): that environmental protection, safety, and financial security have been ratcheted up by globalization, while economic regulation, with the exception of financial security and intellectual property, has been driven down.

A more recent body of literature on limited statehood (Risse, 2011) adds to the debate on the role of TNCs by emphasizing that under certain conditions, TNCs may strengthen the state, since they serve as functional equivalent to governments by providing public goods and domestic rules. Scholars working in this tradition have demonstrated that when companies realize that their production depends on public services, such as healthcare, which are not provided by the state in areas of limited statehood, they are likely to design programs providing such services (Börzel and Risse, 2010: 121; Thauer, 2014). However, the impact of such programs depends on many factors. For instance, Thauer and Hönke (2014) show that automobile TNCs in South Africa and mining TNCs in the Democratic Republic of Congo have created programs for HIV/AIDS and public security, respectively, in situations in which governments have only a limited ability to provide these services. The effectiveness of these programs has varied depending on the degree of legitimacy enjoyed by TNCs among the public and the institutional design of the corporate programs.

Another group of actors that has commonly been seen as restricting the authority and autonomy of the state to make rules and regulate is international organizations. In particular, the role of the World Trade Organization (WTO), the EU, the World Bank, and the International Monetary Fund (IMF) in the economic globalization and re-scaling of political authority has been critically examined in the literature (Rodrik, 2006; Stiglitz, 2002). It is argued that the World Bank and the IMF have imposed the Washington Consensus standards on developing countries hit by crises in exchange for financial assistance, and this did not lead to the desired outcomes (Rodrik, 2006). The Washington Consensus is a set of economic policy principles for structural economic and fiscal reforms, including fiscal policy discipline, trade liberalization, the privatization of state enterprises, and deregulation, diminishing state interventions in the economy. It is also argued that the WTO restricts the authority of nation-states to regulate and govern national economies. However, the relationships between international organizations, such as the WTO, and nation-states may be more nuanced than this broad statement suggests. For instance, Chorev (2005) demonstrates that the establishment of the WTO in 1994, replacing GATT, more specifically the institutionalization of the Dispute Settlement Mechanisms (DSU), improved the political opportunities of member-states to challenge practices that the WTO deems illegal. Previously, hegemonic states, mainly the U.S., could impose a free trade agenda on weaker developing countries but retain their own protectionist policies. With the DSU promoted by U.S. negotiators, it became easier for weaker states to challenge the protectionist national policies of stronger states and "more difficult for the U.S. government … to pursue goals not compatible with the bureaucratic and legal logic of the WTO" (Chorev, 2005: 318).

Sociologists and other scholars have also looked at other actors challenging the authority of states to make collectively binding rules. Economic and political globalization enabled social movements, nongovernmental organizations, and civil society groups to challenge the policies and practices of states, corporations, and international organizations, in particular in the areas of labor conditions, human rights, and environmental standards. They have put pressure on business and governments in a variety of ways. By building and mobilizing transnational advocacy networks, social movements can force corporations, international organizations, and governments to change their policies in transnational supply chains (Keck and Sikkink, 1998; Soule, 2009). They can also build transnational systems of rules alternative to the international agreements created by states, international organizations, and businesses: Dobusch and Quack (2013) demonstrate how a social movement coalition advocating the fair use of intellectual property created a system of licensing rules and enforcement mechanisms called Creative Commons as an alternative to the Digital Rights Management system promoted by industries and governments in the framework of the Trade-Related Aspects of Intellectual Property (TRIPS) agreement. Finally, social movements can join efforts with the corporate sector and build multi-stakeholder standard-setting partnerships and initiatives regulating transnational supply chains in order to improve labor conditions, human rights protections, and natural resource management in developing countries (Auld, 2014; Bartley, 2007; Zajak, 2017). These various types of efforts together constitute transnational private governance.

Finally, sociologists and political scientists have also documented the growing influence of epistemic or professional communities of experts in the global economy (Djelic and Quack, 2010). In particular, the works of sociologists and legal scholars on transnational law-making emphasizes the critical role of legal and accounting practitioners in the making of transnational rules influencing national rules and practices (Botzem, 2012; Quack, 2007). Similarly, Büthe and Mattli (2011) document in their work the central role of technical experts in the global rulemaking, specifically in three international private-sector organizations: the International Accounting Standards Board, the International Organization for Standardization, and the International Electrotechnical Commission. They label these organizations, in which technical experts and practitioners (not diplomats) design standards for global market coordination and integration, "new global rulers." They demonstrate that technical standard-setting is highly political: the influence of national experts depends not on the economic or military power of their countries and not on technical rationality, but on national institutions shaping national experts' behavior in the negotiation of standards (Büthe and Mattli, 2011).

This brief and partial review of transnational actors beyond nation-states claiming authority in the global economy suggests that while the rescaling and dispersion of political authority occurs the transnational space, the image of the "retreat of the state" is probably incorrect. The state is not retreating, but transforming, and the transformation is uneven and diverse (Compagnon, Chan and Mert, 2012). In the literature, the focus appears to have shifted from questions addressing whether TNCs or international organizations or global elites have grown bigger and more powerful than nation-states and seized power at the global, regional, and national levels to questions regarding the specific impact of globalization on state capacity to govern and to conditions for both "regulatory capture" by interest groups or powerful firms and for positive regulatory change (Mattli and Woods, 2009). Moreover, the discussion of the retreat of the state and its eroding autonomy to make domestic (and global) rules is now complemented by discussions focusing on the embeddedness of global governance in domestic settings (Bartley, 2011), complex interactions and intersections of various actors and regulatory regimes at different levels and locations in a multi-level, multi-sited transnational governance (Bartley, 2011; Eberlein, Abbott, Black, Meidinger and Wood, 2014; Halliday and Carruthers, 2009), and the dynamic variation of the regulatory and development outcomes of globalization across governance regimes (Bruszt and McDermott, 2014b). The next section reviews some of these approaches.

## 4 Interactions among actors and regulatory regimes in transnational governance

The literature focusing on the work of global regulations at the national and local levels emphasizes that the impact of global rules varies and depends on its interplay with the local context: actors, institutions, and the structure of domestic industries. Focusing on the substance of rules, Bartley (2011) challenges the argument that private governance transcends or bypasses the state. He argues that governance initiatives of various types neither crowd states out of policy-making, nor do they fill a regulatory void. He proposes "accepting that nationally-based 'old' forms of governance still matter and the variation of politics surrounding them can deeply shape the effect of private regulation" (Bartley, 2011: 523). In the area of labor conditions and environmental standards, he demonstrates that state and private regulations can complement and reinforce each other in various ways; at the same time, even in countries where the global social movement's pressure for better practices through private standards is in place, national policy and politics may thwart any efforts of business and civil society groups to implement private environmental and labor standards on the ground (Bartley, 2011). This literature draws attention to the layering of public and private standards and to transnational and national rules, and it investigates how domestic and transnational rules intersect.

As a complement to Bartley's (2011) approach, an interdisciplinary project on transnational governance based at York University focuses on interactions, rather than intersections, in transnational business governance (Eberlein et al., 2014; Wood, Abbott, Black, Eberlein and Meidinger, 2016). Eberlein and his colleagues (2014) argue that in order to understand the dynamics of global regulation and governance, it is critical to explore how various actors and rule systems interact at different levels of patchy, multi-level transnational governance. Transnational business governance interactions (TBGIs) are conceptualized as a multiplicity of actions and responses exercised by various state and private actors within and across specific governance fields and oriented towards each other in one way or another (Wood et al., 2016). Examples include domination, complementarity, competition for regulatory share, cooperation, and convergence among state and nonstate rule systems (Wood et al., 2016). The project mainly examines interactions at the meso-level, that is, among transnational governance schemes and state regulators, and looks into the drivers and effects of interactions, their evolution over time, and the mechanisms and pathways of change (Cashore and Stone, 2014; Eberlein et al., 2014; Overdevest and Zeitlin, 2014).

Similar to the TBGI approach, the socio-legal literature on law and globalization is also interested in the interactions between global and national actors and systems of rules, as well as the mechanisms and pathways of their co-evolution. One of the prominent works in this tradition is Halliday and Carruthers' (2007, 2009) theory of the recursivity of law that brings together state and nonstate actors across multiple governance levels and sites in order to explain how legal change occurs in the time of economic globalization. Although the approach focuses primarily on law, specifically corporate insolvency law, it can be extended to other types of rules in transnational governance. Halliday and Carruthers (2007, 2009) distinguish between three levels or processes in transnational legal systems: (1) global norm-making through creating guidelines and non-legally binding standards, (2) national law-making (law on the books), and (3) national law implementation (law in practice). National lawmaking shapes implementation and is shaped by it. Halliday and Carruthers (2007, 2009) refer to these oscillations as the recursivity of law. In the era of globalization, they argue, the recursive cycles of (national) lawmaking are influenced by global legal norms that emerge as a result of iterative global normmaking by global actors, such as powerful nation-states and international organizations, seeking to harmonize economic rules across national borders and foster global market integration. It is typical in the literature to emphasize the economic coercion employed by powerful global actors to influence lawmaking in more dependent countries. Halliday and Carruthers (2007, 2009) propose two other processes of influence: persuasion and modeling. As a result, not harmonization, but convergence, of national law occurs. The susceptibility of national lawmakers to external influence depends on the balance of power between global and local actors and the cultural distance between global norms and local legal tradition.

Similar to the recursivity framework, Bruszt and McDermott (2014b) also explore a stark variation in the impact of globalization and transnational integration projects on nation-states, but they focus on regulatory and development outcomes for developing countries across regions, policy domains, and economic sectors. Governments and private actors may resist transnational regulation. Or regional powers may impose their rules on weaker countries. Or governments and private actors in developing countries may negotiate agreements that facilitate integration and generate benefits (Bruszt and McDermott, 2014a: 3-4). Previous literature, they argue, focuses on institutional starting conditions (e.g. national governments' regulatory capacity and resources). Their approach instead focuses on the transnational integration strategies of both transnational and national actors. They argue that "the inclusion and empowerment of diverse domestic private and public actors, their embedding in a multiple network of transnational supporting and monitoring institutions, can dramatically improve the success of regulatory integration and its development effects" (Bruszt and McDermott, 2014a: 5). They also emphasize the importance of tracing transnational integration projects over time in order to capture the dynamics of the relationships between institutional conditions and integration strategies that may change over time.

These frameworks contribute to our understanding of globalization as a set of complex, nonlinear, and incomplete processes of building, maintaining and dismantling markets and institutions at transnational, regional, national, and local levels. It emphasizes that markets become increasingly global, but institutional systems remain national, and this brings about frictions and contradictions. These contradictions are temporarily resolved, not necessarily by powerful international organizations and nation-states imposing their rules on developing countries, but through negotiation and compromise among powerful and less powerful actors in international and national regulatory forums. They illuminate various strategies weaker actors can employ to undermine the efforts of powerful global actors to impose certain standards on them, as well as various strategies that may help generate positive development outcomes. Global and national institutions are therefore viewed as contingent outcomes of a complex interplay between the global and the local.

## 5 Concluding remarks

This article has reviewed a multiplicity of visions of economic globalization and of the relationship between globalization, nation-states, and private actors. Visions of globalization range from global trade and financial liberalization and the emergence of global supply chains and markets to a profound transformation of regulation and governance frameworks at the global, transnational, regional, and national levels. Views on the relationship between globalization and nation-states in the literature range from "the retreat of the state" and "the erosion of state sovereignty" expressed in the erosion of state authority and capacity to make rules and govern national economies to complex theories focusing on complex transformations of the state and multiple interactions between transnational, national, and local actors, transnational and domestic institutions, and transnational and global structures and governance agency. In particular, the recent literature shows a considerable variation in economic, regulatory, and development benefits of transnational economic integration for both developed and developing countries. Numerous examples suggest that transnational economic integration may be beneficial for developing countries, including for their governments' regulatory capacity, and that actors believed to undermine governments' authority and capacity to make and enforce rules, such as international organizations, corporations, and other private actors, may strengthen national regulation in various ways.

Although there are examples of positive regulatory and developing benefits, the globalization paradox described by Gereffi (2005: 164) remains: the expansion of production capabilities in many industries and the intensification of global trade, capital and financial flows did not translate into more equality and development and less poverty across the globe. Moreover, in relative terms, globalization makes the rich richer and the poor poorer (Harrington, 2016; Mader, 2015). The key question for future research remains how increasing transnational integration and governance can help address growing global inequality and increase the capacity of various actors, both public and private, to make and enforce rules fostering fair, equitable, economically just, and ecologically viable development in both developed and developing countries. It is also critical to continue examining how transnational governance rules are implemented in specific national and local settings and how implementation is shaped by local actors and institutions.

Despite the growing body of literature in this area (Bartley, 2011, 2014), we still tend to focus on the emergence and structuring of transnational governance schemes at the global level. Insights into implementation dynamics on the ground are likely to yield more specific insights into the concrete outcomes of globalization and governance. Finally, it is crucial to understand how local implementation experiences and problems are perceived by transnational governance schemes at the global level and how these perceptions shape organizational and institutional responses to implementation challenges. The response may vary from a significant revision of rules to address challenges to ignoring feedback completely. The literature on experimentalist governance and recursivity in governance (Malets and Quack, forthcoming; Overdevest and Zeitlin, 2014) provides analytical tools and first empirical insights, but more comparative cross-country, cross-sector studies are needed to shed more light on specific feedback mechanisms and institutional pathways in global economic governance.

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## Endnotes

1 Every journal covered by the Web of Science Core Collection is assigned to at least one of the Web of Science subject categories. http://images.webofknowledge.com/WOKRS523_2R2/help/WOS/hp_subject_category_terms_tasca.html (January 12, 2017).

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# Interview

## Sigrid Quack interviewed by Sascha Münnich

***Sigrid Quack*** *is Professor in Sociology at the Faculty of Social Sciences of the University of Duisburg-Essen (Germany). Her research fields include economic and organizational sociology, transnational governance and cross-border labor markets. Current research investigates the social and organizational practices that actors use to cope with regulatory uncertainties arising from the polycentric nature of transnational governance. Recent publications include* Transnational Communities *(2010, CUP, co-edited with Marie-Laure Djelic),* Framing Standards, Mobilizing Users *(2013, with Leonhard Dobusch, in RIPE) and* Trajectories of Transnational Mobilization for Indigenous Rights in Brazil *(2016, with Ana Carolina Alfinito Vieira in RAE – Revista de Administração de Empresas).*
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*Professor Quack, thanks again for your willingness to add your insights to this EESN issue with this interview. The issue aims at reviewing the status quo of globalization research in economic sociology – promises kept and promises not kept, one might say. You have been a very early contributor to and critic of globalization studies, striking a position midway between convergence and divergence theories and simultaneously analyzing institutionalization processes on both the global and the national or local levels. To directly pose the crucial question: Do you think that "globalization" has been or is in any regard still a valuable concept for analyzing major trends in the world economy?*

Yes, I think that cross-border interactions, economic, social, and cultural, are persistent phenomena in the world around us. And the fact that we also see increasing politicization and conflicts about globalization illustrates this. Moreover, even the counter-projects of re-nationalization or anti-globalism, which are partly attempts to recreate identity within national boundaries, such as the rise of right-wing parties all over Europe, are themselves highly transnational; they now have a pan-European network. Wilders and others are basically proposing re-nationalization and sometimes a return to national chauvinist welfare state models, reserved for citizens and not migrants. But if we look at how they operate, they are highly interrelated, and they collaborate a lot at the European level. There is a dialectical tension between what appears to be globalization and re-nationalization or re-localization and the attempt to define, to promote national or local identities as opposed to cosmopolitan ones. Thus looking at globalization as a phenomenon is highly topical nowadays, but it's a different version of globalization, one that may not claim that we have a diffusion of the same rules worldwide and everything is harmonious. In my own work, I have looked at those processes using the concept of transnationalization. Transnational research doesn't look at actors and rules only on the universal or global levels, conceptually separated from those actors and rules that are local or national, but rather looks at the interaction between the levels and how actors cooperate at different scales. This is a shared perspective between different sociologists in Germany, working in the fields of economic sociology, organizational and labor research, and migration studies.

What brought you to focus on this interplay of levels?

Developing a transnationalization perspective, at a time when it wasn't as prominent as it is today, had a lot to do with the research topics of my collaboration with Marie-Laure Djelic. In our joint work on "Globalization and Institutions" we focused on processes of institution building in the global economy. On the one hand, we were discussing and cooperating with people in an area of academic research that understood institutions as predominantly national, rooted in the classic historical institutionalist accounts of the evolution of markets and welfare states in comparative sociology and political economy. Economic sociologists very often looked at the national or sectoral levels; for example, if we look at the market for strawberries in France, we have French regulations in the background and maybe we have some informal or formal rules in this specific market for strawberries. On the other hand, there was the Stanford School of World Society Theory that emphasized global norms, and scholars in international relations and political science who looked at global institutions such as the United Nations or the International Labour Organization as organizations that set global standards for labor, at least minimal standards. So there was this kind of conceptual tension between these camps, and since we were really trying to engage with the literature on institution building and institutional change, we focused on the emergence of transnational institutions in order to bridge those two debates. So, from the beginning, the aim was to emphasize these interactions; we discussed the "trickle up" and "trickle down" effects that lead to, or can lead to, transformative institutional change. Trickle-up trajectories and mechanisms refers to the border-crossing activity of economic actors going to another country and changing the rules there, as external challengers, while trickle-down" trajectories and mechanisms could take two shapes. In the first scenario, transnational organizations or supranational constructions develop rules of the game that might collide with incumbent rules in national systems. In the second scenario, challenger rules emerge from a less structured transnational space, for example from transnational standard-setting communities.

So our focus on transnationalization emerged from a situation in which we were addressing two different schools of institutional analysis: the comparative analysis of economic systems and the Stanford School of World Society Theory. We wanted to show how a better understanding of translocal and transnational interactions would move us beyond the concept of 'decoupling.' And we wanted to demonstrate that these transnational interactions mattered more for national institutional change than comparativists thought. Historical institutionalists are very strong in their focus on internal endogenous processes, while the Stanford School is very strong on exogenous factors. Still, we argued that each approach on its own was only capturing part of the story, and that the inside–outside dichotomy was itself misleading.

*Re-reading your articles on transnational law firms, I was struck by the idea that you spoke of, the idea of two different periods of globalization, with the early period characterized by some 'cosmopolitans' having free access to all different kinds of national settings, with American law firms following big corporations to Europe. And the second period saw the emergence of an autonomous transnational level, organized beyond the national level, that interacts with the national level but at the same time something new develops in there. Is there such a periodization in globalization?*

The first part of the story you could also explain easily as internationalization strategies of companies. So first you have internationalization, you follow a customer and you see the emergence of a global firm. It's not really surprising. What is more important is what happens when those law firms start to have offices around the world and attract new customers or generate new services. My research with Glenn Morgan showed that the globalization of law firms doesn't necessarily mean that you see a global homogeneous community of lawyers emerging within these firms. Rather, it still matters where lawyers received their training and which local networks they have access to, for example in London or Frankfurt or Brussels. So they remain locally and nationally rooted while also being part of a transnational law firm – both factors shape their understanding of the law – what are the procedures, etc. So they are still locally rooted while being part of a transnational community of practice. Different understandings that are related to being from a country of codified law or a country of case law do not necessarily disappear but are negotiated within the transnational firm. Our research showed that within these firms, practice communities were in productive, but also sometimes in conflictual, relationships with each other; there were misunderstandings and different approaches. These tensions had to be balanced and managed within these so-called global firms. Thus, in that sense they were not global firms. They were transnational firms.

*This brings me to the second point which I find very interesting in your work: you're not only bridging the national-global perspective but you're also doubting that it's possible to draw a boundary between the political and economic spheres. You argue that a law firm that may be starting as a business firm evolves into an institutional regulator, becomes a political actor in a way, creating the regulatory spaces in which they work.*

This was a major insight from studying the internationalization of service sector firms. In the beginning, I was predominantly interested in the organizational aspect, that is, how do service firms globalize. But the more I learned in my joint research with Glenn Morgan about the internationalization of law firms, and later on with Sebastian Botzem about the globalization of accounting firms, the clearer it became that they were not just delivering services. These firms are also very actively involved in standard setting, rule making, and the diffusion of best practices. Global service firms and international professional associations act as lobbyist on different levels. They also participate in and influence rule setting in informal ways; for example, they contribute to what is then considered dominant business practices. To interpret the ambiguity in law, even a court might refer to those practices.

More broadly speaking, I think that the double role of professionals as economic and political actors has been understudied. By doing their business, transnational lawyers, for example, generate social practices and understanding of how contracts are written, and they actively diffuse them in their legal practice communities, especially in fast-moving markets such as financial markets. At the same time, as political actors they lobby for formal rules that are line with the understandings of their practice communities. Happily, there is now more research highlighting their role. And they play an important role not only in those processes, but, if you look carefully, you will find their influence in WTO regulations and other international treaties. For example, accounting firms have been trying to influence WTO regulation of global trade in services. So there you have a clear lobbying influence from these actors. This double role of professionals as economic and political actors shows that it impossible to draw a clear boundary between the political and economic spheres, and that rather, we should conceptualize them as intersecting and mutually influencing each other over longer periods of time.

*Let's talk about transnational* communities *a bit more. You have written about them as well. As you describe it, it sounds like the lawyer who is best positioned to be a transnational lawyer is not the lawyer who is especially good in one of the two legal cultures, but there seems to be something different that they need. How would you describe this type of transnational lawyer and what is important there?*

I would say that a transnational lawyer, by definition, would be somebody who has been at least exposed to training in two different legal cultures. But after that, it becomes not necessarily a matter of knowing these legal cultures in detail, but a question of learning the skills to connect and bridge law from different contexts and translate it into the other categories, to find bounded categories, to maneuver and interpret, to manage these laws in relationship to each other.

*Something like a "law broker"?*

Yes, and also to know if it's part of global legal systems like WTO law, UN conventions, or other global laws that have a legal status. So, it is a question of being able to connect them to each other and to create a plausible and defendable hierarchy between these laws. I think that this is a skill set that you can also obtain in a federal national system, they have exactly the same issues and you could transfer it. It is about integrating these law systems into legal concepts that can be applied to specific programs.

*In your earlier work on these transnational communities, you talk a lot about the difference between* Gesellschaft *and* Gemeinschaft*. Where do you see transnational communities conceptually, between a network of interested actors on one side and a community in a sociological sense on the other side?*

In the joint volume with Marie-Laure Djelic, we argued that networks of experts become transnational communities at the moment when they develop a collective identity, a collective self-understanding of what they are and what they are doing. They also become more than just pure networks at the moment they develop social relationships that become thicker, that is, beyond a clearly defined common interest in a specific situation, when they develop layers of common understanding of practices. I think the practical side is very important, *Praktiken* that are shared collectively and that transcend what the individual actors do.

*In your 2003 article, there is also the concept of "reciprocal dependence," so there's reciprocity involved in community structures, which could mean that at some point they may decide or act against their rational self-interest, but instead in order to nurture on-going exchange relationships. At this point, I see a third conceptual line in your work, beyond the bridging of the national and the global, beyond the bridging of the economic and political spheres, and that is that, you repeatedly point to how norms relate to action. There is an element of pragmatism in your approach to globalization.*

That, of course, is provoked to some extent when you start to look at transnational issues, because on one hand it takes you out of a predefined setting where you might, as a researcher, take for granted a given set of certain institutions. Even though the aspects of ambivalence and interpretation have been articulated in institutional research, if you want to study institutions from a transnational perspective, you are always studying the intersection between what institutions mean for actors who are still rooted in different local or national settings. If you take this seriously, then it raises very centrally the question of what sense actors make of these institutions and how their collective actions might transform institutions over time. Analyzing transnational institutions invites you to think more along the lines of pragmatist understanding of experimentation and recombination in institutional development. When I started this research, I wasn't really fully aware of the pragmatist tradition; the problems in theorizing institutional emergence in transnational settings have pushed me in this direction. Now, once you have done that at a transnational level, it also becomes extremely fruitful to apply it to the national level. For example, Ana Alfinito Vieira has just completed her dissertation on social movements and institutional change in Brazil, which shows how social movement actors transform the institutions they have themselves helped to create. This thesis provides a fascinating intertemporal story of how actors' framing transforms institutions.

*I think it's a major point that also came up in the last issue of EESN, in my interview with Christoph Deutschmann. In his theory of capitalism, he has argued that there is a typically dynamic relation between social structure and individual action in our capitalist societies that may well be captured with pragmatist theory.*

Yes, it pushes you towards looking as institutions as something more fluid.

*A process more than a structure. Well, as if it weren't already conceptually complex enough, in your more recent work on copyright rules and laws you stress that these transnational structures are subject to on-going conflict at the same time. What brought you to this topic?*

Copyright rules were originally one of the four governance fields that we were interested in studying in the research group on institution building across borders at the Max Planck Institute. First, there was the development of sustainability standards for forests; second, there was transnational labor standards; third, accounting standards; and copyright was the fourth field. Copyright, or intellectual property, was interesting as a field because of its very rapid politicization after it had been dominated by a few experts ten or fifteen years earlier. You know, even when they were negotiated in a WTO agreement, there were only a handful of lawyers involved at the international level, and there was lobbying between states. But over the last fifteen years this has changed significantly, because a diverse set of civil society and business actors, users, and to some extent also states have been struggling with how to reshape the international copyright regime. It is a policy area in which you can see how actors who are considered weak in terms of their material resources and positional power over time can collectively mobilize and how their mobilization opens up a policy space for institutional change. After having studied this transformation, my current research together with Leonhard Dobusch focuses on how existing patent and copyright law *works on the ground*, how actors use the legal rules, and how they are implemented. In the context of the DFG-funded research group "Organized Creativity," we study creative processes in music and pharma to see how the artists, scientists, managers, and lawyers tackle these issues. When is a bit of music original enough to be protected by copyright? How can musicians and scientists access the output of previous creative processes? Our initial findings indicate that managers who look from an economic perspective might define "originality" in very different terms than musicians. In fact, when they speak about creativity, they often speak about a process of creation, while the managers look more at the product's potential success in the market. Lawyers, in turn, use their legal categories to assess, ok, this is legal and this is illegal. Often these views are in conflict, and that is the interesting point: how do these actors work out collective conventions, give common sense solutions to legal institutions, and sidestep specific problems?

*What obviously comes to mind when we are talking about music and these processes is the aspect of technology. It's always in the back of all these global debates we have now, for example about net neutrality. Would you also say that technology nowadays plays a much more political role, is subject to conflicts or framing processes to a higher degree? To what degree does technology enter the social process?*

You would need a historian of technology to answer the question of whether technology is more politicized nowadays. Personally, I would doubt it. Historically, each major technological change has been surrounded by struggles and social conflicts about whether it was a good technology or not. There is a nice collection of essays by Hayagreeva Rao about market rebels and radical innovations. One of the essays deals with the introduction of the automobile and social mobilization, which involved both the formation of associations of automotive drivers promoting cars and the mobilization of opponents who considered the car too dangerous for the public.

I would argue that technology enters the social process whenever new technologies are introduced that affect all, or many, spheres of life. These are the situations where conflicts and social mobilization about normative issues around these technologies arise, how they should or should not be used.

*As you refer to historical aspects, I would like to ask you if the transnational processes that we see today are systematically different from what we saw in 18th and 19th centuries, the first era of free trade, financialization, and global imperialism. Is current globalization something that is a fundamentally different social process than the globalization in that earlier historical period?*

There are certainly similarities between the first phase of globalization in the 19th and early 20th centuries and the current phase, such as, for example extensive foreign trade and international capital flows. Internationalization near the turn of the 20th century of the last millennium was also characterized by a high global mobility of people. Still, there are important qualitative differences. The most important feature of contemporary globalization is a much thicker and extensive layer of global and transnational formal institutions. The emergence and stabilization of global governance regimes in a multiplicity of policy fields is essentially a phenomenon of the post-WWII era, even though some of it has its roots in the earlier high period of globalization. But formal institutions didn't spread to the same extent and were not binding in the same way as they are today. There was no binding global trade regulation, whereas the WTO today exerts considerable influence – whether always to the good or to the bad is another question. There is a different level of institutionalization, of rules at a transnational level nowadays.

*What about social structures?*

There are two major differences. First, in terms of life world experiences, nowadays you probably have a larger proportion of the population than in the previous globalization epoch who live and interact in contexts where they *have* multi-scalar social references to a variety of local, national, and transnational contexts, be it through constant travel, friendship, work relations that cross borders, going abroad, studying, or Erasmus and other exchange programs. It is important to recognize that in earlier times, such transnational social spaces were also not necessarily limited to the elite. There was, for example, a lot of migration in the lower strata of the population. So this migration population would have had, by definition, transnational networks. But overall, mobility and the global availability of cultural products have increased for the broader population. And second, the thickening of global and transnational institution-building also means that these rules, standards, and best practices have an ever more penetrating effect on the everyday life of people around the world. In turn, this has led to a politicization of globalization and its institutional infrastructure and given rise to critical debates about the legitimation, transparency, and accountability of global and transnational rule-setters.

*Now, this obviously leads us to the current political situation. So you don't buy the political rhetoric that there is a growing separation between a cosmopolitan political and economic elite that is liberally oriented and regular working people who strongly refer to the national level?*

First of all, the statistics show us that this is not only a question of class, but also a question of age. Age was an important factor in the Brexit vote in the United Kingdom. I think one has to look from a more differentiated perspective. The way I read the statistics, there are social groups characterized by education level, socio-economic status, and age who have a much more skeptical view towards certain forms of Europeanization, and then you have others who have a more optimistic view on it, especially young people. What needs to be taken very seriously is the turn towards nationalist approaches from groups of citizens who no longer feel recognized or acknowledged by politicians and decision-makers. They feel that they are deprived, even though not all of them are deprived in objective terms. It's also often a diffuse anxiety about possible deprivation in the future. This is an issue of perceived social exclusion, social inequality that needs to be addressed. It is partly, but not exclusively, related to recent forms of globalization, and it is unclear whether re-nationalization is the solution to these problems. For us as sociologists, it should be a subject of empirical study to better disentangle the various causes of social inequality and the cultural framing through which becomes an opposition between "them" and "us."

*And also, it is not necessary for European critics to refer to the national level only – you already stressed that many of those tight populist groups are well connected throughout Europe, and so they have a common agenda and could be seen as a transnational community to a certain degree.*

You might meet pro-Brexit people going on a very fancy and expensive trip to the Galapagos, and you could sit with them on a boat in the Galapagos and look at the beauty of the nature while they are arguing about the pros and cons of Brexit. And you know, it requires a little bit of money to travel to the Galapagos. This example just shows that not all renationalization rhetoric is necessarily rooted in social exclusion, and not all of it is a direct effect of globalization.

More generally, in terms of economic sociology, these questions call for more integration between political sociology, inequality research, and economic sociology. If you were to ask me about future research fields or directions, I would say that these are salient ones. We don't have sufficient research that on one hand looks at how markets operate on a transnational scale, and on the other hand looks at the inequalities that are produced or the benefits for different groups, as well as how these issues become framed in political conflicts. Social inequalities are not only about material resources, they are also about social inclusion and exclusion. If we don't take social exclusion in a broader sense into account, we also cannot understand the politicization of marketization or globalization processes. There is a very important relationship between how the economy works, the inclusion, exclusion, and inequality it produces, and the politicization of economic issues. And politicization is about how these rules are contested, how they are criticized and justified. Here the French sociology of conventions, justification, and evaluation can be very useful. Taken together, all this calls for more exchange between economic sociology, the sociology of inequality, and political sociology; currently, the links are not very well articulated, certainly not if we talk about economic transactions that go beyond national markets and that are transnationally interconnected. I couldn't name five excellent studies that deal with this issue off the top of my head.

*The legitimacy perspective also brings me to the crucial question of whether there can be democratic social control of capitalism that is not on the national level. I think, from some of the examples you mentioned, that we have reason for optimism that there could be a 'globalization from the bottom,' that is, a globalization of measures that tame some of the problematic market logics.*

Yes, since capitalist markets are operating at a global level, I think it's highly naive to believe that they can be regulated exclusively at the national level. Actors at the national level alone cannot regulate any effect that goes beyond national boundaries. National regulation is also powerless towards effects that enter from the outside and affect people within a nation's territory. Climate change is a classic example. You may raise taxes to prevent cars from coming in from Mexico for sale, but whether you can prevent migrants from coming is already doubtful, and whether you can prevent pollution or climate change from affecting your country…

*…probably not…*

…probably not. Having said that, I think we would be well-advised not to overestimate bottom-up, market-taming globalization. But we do have ample evidence of attempts and also sufficient evidence of successes in the increasing institutionalization of standards and rules. They don't solve all problems, but the question is what the point of comparison is. So if you hope that they are the perfect system, you'll be disappointed, but if you compare them to a world in which the multilateral international system is stalled, or a world of isolated national attempts to institutionalize such rules, they look pretty good. And I think that that is the reference point to compare it to. So if you look at labor standards, it's a fragmented picture with many different pieces, things happening on different levels. But certainly for some industries you can say that there has been a bottom-up dynamic initiated by social movements and some leading companies to improve standards over longer periods of time.

And then a really interesting thing is that in some areas, such as climate change, you find more willingness and more activity on the part of private and civil society actors to collaborate on a transnational level than between states. That is also an interesting comparison, that the multilateral international system has, in many areas, come really to a standstill as the EU has this difficulty of bringing member states onto a common, level playing field where they would be willing to cooperate, whereas in other areas you see attempts, which may be even more successful or more intense, to bring a multiplicity of actors to the table to develop, to improve environmental standards. There is an interesting cooperation between civil societies and states in these areas as well. So it's a very mixed picture.

*What are your current and future research plans in this field?*

I am very excited about a new research project on transnational labor markets in the global NGO sector. This sector of global NGOs has grown tremendously, is really an important employment sector, and one about which we know very little, about careers in that field, about movements from emergent countries into the Western headquarters of NGOs, or about how people move from the NGO sector into public administration or private firms and vice versa. More broadly, I am interested in the transnational web of social relations that is generated through workplace-related interactions. Moreover, I also want to better understand how career mobility and policy diffusion are linked together in transnational governance.

*Let's talk about the future of economic sociology and potential lines of its further development from your perspective. You've already said a few things about this. I understand your last point as follows: You are very much hoping that there will be an intensified cooperation between labor sociology and economic sociology.*

Yes, I think so, because there are many interesting overlaps to be explored, since the world of paid and unpaid work is changing rapidly and that should be of interest to scholars in economic sociology. Similarly, labor markets, both locally and transnationally, are transforming rapidly. If you look, for example, at the International Sociological Association, you find really fascinating research about international work migration, transnational labor markets, new forms of digital platform-based recruitment, and self-employment. In my view, we could have more of that in European economic sociology.

*But I think to a certain degree it's a European phenomenon, because some of the most important studies in American New Economic Sociology are concerned with labor markets.*

Yes, it's hard to understand because also in the area of global or transnational rule setting, there have been a couple of good studies published in the American Journal of Sociology about NAFTA rules or global labor standards. In the US, the disciplinary boundaries between political, organizational, and economic sociology seem to be more fluid.

*Another point is – maybe I'm wrong – but I think you are one of the very few economic sociologists who actually engages in studying law from an economic sociology perspective. This is strange, because we always talk about social norms and rules, but only rarely do we talk about the profession that engages with formal rules and their implementation. Do you think that we need to focus more on this?*

Yes, certainly. I'm just thinking about who has been working at the intersection of legal and economic sociology. Well, there has been research in the area of atypical employment, but again it's more prominent in labor sociology where you have more exchange between these two subdisciplines. I think you are right, and if you look at the US again, it's very different. There is important literature, for example by Dobbin, Edelman, Halliday, and Carruthers, that shows that economic processes are closely linked with how actors interpret legal rules and how they bring them into play in economic settings. By just considering them in an abstract way as institutional devices, you don't get a grip on what actors do with these laws, how they use them, how they might transform them.

I also think that Jens Beckert's work on fictional expectations is highly inspiring, and it can be developed in all these directions we discussed. One example is that within social movements, actors may reflect back on previous episodes, but they also are not be able to mobilize without projecting positive visions into the future. Because they draw a lot of energy drawn from these positive visions, not being against something, but rather for establishing a better world. So you have a reflexivity of actors that is crucial for subsequent social performances. The same is true in a rather different way for nationalist and demarcationist scenarios: Their proponents project an apocalyptic vision to generate anxiety and fear. If taken up by parts of the citizenry, these views are also changing something in the real world. In that sense, the performativity of fictional expectations happens not just in the economic world, e.g. in financial markets, but also in the political world. Institution building is about projecting a vision of regulation into the future, but also a vision of how things might evolve through layers of meaning that are shared by actors. The power of imagined futures could therefore be a bridging concept for connecting economic sociology and political sociology.

*Professor Quack, thanks a lot for this interview.*

# Book Reviews

**Book:** Ouma, Stefan, 2015. *Assembling Export Markets: The Making and Unmaking of Global Food Connections in West Africa.* Wiley Blackwell.

**Reviewer:** Edward F. Fischer, Vanderbilt University, edward.f.fischer@Vanderbilt.edu .

Value chains for a wide range of products have become ever more globalized in recent years. You are almost certainly wearing something made in a distant land, and it is likely that you will eat or drink something today that comes from another country. Starting in the 1980s with neoliberal moves to reduce subsidies and tariffs, efforts to promote free trade through the WTO and multilateral agreements (even if, as any good businessperson would remind you, nothing is "free") have been bolstered by falling communication and transportation costs.

Part of this trend has been a dramatic rise in non-traditional agricultural exports to North America and Europe from parts of Latin America and Africa, especially high value (and labor intensive) items from snow peas and broccoli to French beans and organic mango. West Africa (as well as Kenya), in particular, has become a source for fresh produce for Europe.

In an interesting comparison, geographer Stefan Ouma looks at two different models of export agriculture in Ghana, one focused on organic mangos, the other on fresh-cut pineapple. He uses these case studies to ask bigger questions about how markets and supply chains are made in on-the-ground practices. Ouma makes a number of insightful connections between different theoretical traditions. He adopts a general approach from Latour's actor-network theory, which he puts into conversation with economic sociology, Foucauldian perspectives on power and fluidity, and the extensive literature from anthropology and geography on global value chains.

Ouma's project seeks to embed the abstracted purity of the market (as idea and theory) in the complexly multidimensional and often gritty reality of market making. He finds that they turn out to be as much fluid assemblages as rigid structures. "The world market is discursive, material, and social all at once," he observes (13). Ouma argues that there are certain conceptual "universals" that, like the market, are pure in the abstract, but are constituted by lots of messy and improvised instantiations. He focuses on the technologies and practices of producing markets, conceiving of them as "engaged universals."

He harnesses this theoretical assemblage in pursuit of what he terms a "critical ethnography of marketization." Markets are made by people, not given by nature, even if we sometimes treat them as the latter. Markets are a contrivance, a social construction, but they can also seem to control our lives. Ouma stresses the performative aspect of markets. (Actually, he prefers the term "performation" to index a Deluezian reading of Foucault's dispositif.)

Speaking to several different academic traditions, each with their own terminological peculiarities, is a difficult task. Ouma dives deep into the language of each to an extent that I (someone broadly familiar with the literature) got lost in the acronyms at times: "Rubbing ANT/the SSEM against the EC, as well as the anthropology of universals, produces productive friction" (49).

Ouma's data come from two case studies of agro-export markets in Ghana. In the first firm, OFL, there is an expansion into organic mangos in northern Ghana. OFL promoted long-term contracts with a relatively small group of "outgrowers," and they made serious efforts to connect with the broader community and invest in projects with NGOs.

The other firm, TF, focused on just-in-time fresh pineapple production in the coastal region, with production subcontracted to a variable pool of small, medium, and large growers. TF promoted a family culture within the firm, with the complicated benefits and power imbalances that entails. (Ouma livens the text with a number of text boxes on interesting sideline questions, such as if TF's farmers are classic smallholders or petty rural entrepreneurs.)

A series of crises besets both TF and OFL. TF's model was thrown into chaos in 1996 when Del Monte introduced a game-changing product: MD2, the "secret weapon" of pineapples. It was more golden, sweeter, and had a longer shelf life than existing varietals; the market for other pineapples quickly dried up as supply chains rushed to switch to WD2. For TF, the turmoil resulted in lay-offs and a disrupted supply chain. OFL had their own problems: planting mangos requires a significant and long-term investment by the outgrowers, and so lots of expensive incentives; this combined with rain and other environmental factors made it impossible to meet production targets.

This is all messy detail, but that is a key part of Ouma's argument: making markets is not neat and linear. It is complicated, with competing pulls and intentions, new forms for economic and labor disciplines, but also new subjectivities, as in farmers coming to value a mango tree with a sense of ownership that is affective as well as material.

Ouma's critical ethnography of marketization is a sort of Foucauldian history of the present, uncovering the workings and techniques of something that is mostly taken for granted. But making markets with smallholders is difficult and messy. These are not just rational actors ready to enter into a contract of mutual benefit, but farmers with their own designs on the future.

Ouma is writing in a very productive space, and he has laid out most of the pieces of a comprehensive theory. While I suspect he sees the connections clearly in his mind, he did not sufficiently tighten the threads to bring it all together for this reader. All the elements of a powerful framework are here, if not quite sufficiently linked to be fully convincing.

Nonetheless, I learned a lot reading this monograph, and find it to be a valuable addition to the commodity chain literature, providing sharp insights for thinking about critical ethnographies of markets and market making.

**Book:** Akos Rona-Tas and Alya Guseva. 2014. *Plastic Money: Constructing Markets for Credit Cards in Eight Postcommunist Countries.* Stanford: Stanford University Press.

**Reviewer:** Mateusz Halawa, Institute of Philosophy and Sociology of the Polish Academy of Sciences,
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How do markets become at all possible? This question, asked in the beginning of and throughout Akos Rona Tas and Alya Guseva's book "Plastic Money," is arguably one of the key questions that distinguish economic sociology from other forms of inquiry into markets. Thus, while remaining an insightful and well-documented case study of the construction of a specific kind of market, namely markets for credit cards in Hungary, Poland, Czechia (as the Czech Republic currently wants to be known), Russia, Ukraine, Bulgaria, Vietnam, and China, "Plastic Money" may be read as something more, an exemplary work with a more general message about of the sociotechnical construction of markets. To ask about the conditions of possibility of markets is to recognize that they are, fundamentally, the result of social practice. One important job of economic sociologists is to render visible and to analyze all the work that goes into making markets work, ranging from infrastructural innovations to political choices about legal regimes to hegemonic ideas of legitimization.

For economic sociologists and anthropologists interested in exploring the social dynamics of capitalism, the postsocialist transformation of the late 1980s and 1990s has afforded them a unique opportunity. In what Rona-Tas and Guseva call the "largest attempt in history to build markets" (xiii), entire economic systems were transformed. While many ideologues chose to frame these transformations in terms of an unproblematic "transition" from an aberrant system to a natural one, a lifting of the yoke on the organic propensity to truck and barter, there was of course nothing natural about the emerging economic organization. Just like the outgoing one, it was a tangle of competing interests and designs, each of which had its own geopolitical context. That context was also changing, with the weakening of Soviet influence and the increased influence of Western actors including the International Monetary Fund and advisors such as Jeffrey Sachs, whose team reformed the Polish economy from a room at the Warsaw Marriott. "The market" here is a detached idea which has yet to be enacted in practice. Rona-Tas and Guseva frame this process by juxtaposing the Weberian notion of an ideal type with Callonian performativity; this is a story of the American blueprint for a workable credit card market remaking the formerly socialist space in its image. (Evidence from the US serves usefully as a counterpoint to many of the analyses in the book). While much of the scholarship attends to the functional rules of working, embedded markets, Rona-Tas and Guseva attend to generative rules and non-market interventions aimed at fostering markets, which are in the process of becoming embedded.

The book is organized into seven chapters and a conclusion, and it will be useful to a broad readership in economic sociology. It takes up one of the key artifacts of consumer capitalism, the credit card, and rightly reframes it as less thing than infrastructure. Credit cards are not only a means of dematerialized payment, but also nodes in the vast apparatus of consumer credit. The early chapters focus on the similarities in the postsocialist predicament in the various countries – little legacy of consumer lending, the creation of commercial banks by way of privatization and the influx of foreign capital, macroeconomic instability – while the later chapters offer in-depth studies of the specificities of the construction of credit markets in different markets. Those interested in the globalization of consumer finance will find evidence here that while the forces of standardization and rationalization are powerful, they must face up to local forms of recalcitrance and path-dependence, which do modify the original blueprint. Extremely well-researched and documented, "Plastic Money" attends to these modifications not in a naïve praise of local difference, but rather in recognition of the social forces that need to be brought to bear on the complex social reality if it is to be rendered "flat" enough for the system to work.

In the most theoretically compelling sections of the book, chapters 3 and 4, Rona-Tas and Guseva narrate this process as a series of payment and credit puzzles that the architects of the credit card markets faced as they were setting them up. Say you swipe your Visa card in a grocery store in Sophia. Rona-Tas and Guseva elucidate two things about such an event: its present complexity and its historical genealogy. There is money transferred between multiple banks, but not just you and the grocer are actors. There are several further intermediaries, and they want to be paid too, for investing in and maintaining the interchange infrastructure, for sorting through the databases to make sure you are creditworthy. While there are multiple banks, they all agreed to use and accept Visa – why? And how did the terminal find its way to the grocer and the card to you anyway, given the enduring presence of cash? Working with such questions, Rona-Tas and Guseva first look at the payment function, which unites credit cards with debit cards and other technologies. Here they show how both the dual success in proliferating the technology, among cardholders and among merchants, is owed to the intervention of postsocialist states rather than to some emergent market order. Similarly, it is the corporate power of multinationals coupled with the political power of the state that ensures an effective duopoly of Visa and MasterCard. This point helpfully enriches the pragmatist debates on market devices and payment technologies.

From the payment function, "Plastic Money" moves to the credit function. It focuses on the key issue in lending without collateral: generating knowledge about the borrower in order to calculate risk, given the uncertain future of repayment. In societies with no individual credit histories and with an inefficient collection industry, again the practitioners in search of security needed to go beyond the market. Rather than take the American mass-market route, they relied on legacies of status tied to a particular bank.

Taken together, these insights make for a compelling study of the social embeddedness of markets understood not as a given, but as a fragile accomplishment in a historical process. Whether read as a study of market creation set in countries such as Hungary or Vietnam or as a contribution to the socioeconomic history of postsocialist transformation, "Plastic Money" works well in attending to institutions and social relations that uphold the credit card markets. Against this background, a certain downplaying of cultural factors and consequences is a bit surprising. Given how strongly consumer credit is entangled with shifting understandings of the social contract and welfare after socialism, and given how thoroughly the new ideal of creditworthiness meshes with new capitalist forms of personhood, it might be worth wondering about the efficacy of cultural meanings surrounding credit cards in making their markets possible.

**Book:** *Capital Without Borders: Wealth Managers and the One Percent.* Brooke Harrington. 2016. Harvard: Harvard University Press.

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There is a discernible pattern to the study of the international industry of tax evasion and avoidance. First phase studies were concerned primarily with tax havens, largely small island economies that serve, in the words of Richard Murphy, as secrecy havens. We have a learned lot about these havens in the past two decades. Mostly we learned that they are viewed by their clients as little more than bundles of regulations and taxations rules, disembodied from their geography, culture, and sometimes even their politics. An ecological metaphor is an apt description of these jurisdictions. There is an arms race going on among the flora of this ecology, a beauty contest in which each of them is seeking to attract business by offering their own distinct flowering colours and scents, their own distinct bundle of regulation and taxation. But like beautiful flowers in a valley, they are territorially static, ultimately reliant on the insects to make their choices. In the world of offshore banking, vital choices are made not by the tax havens, nor by their clients, but rather by an army of professional enablers: the accountants, the lawyers, the financiers, and as Brooke Harrington describes in this book, a newish type of profession, professional wealth managers. Harrington's book is an important contribution to the second-phase study of the international industry of tax evasion and avoidance, the study of the enablers of that world.

The wealth management industry has never been studied systematically before. Harrington sets out to present a full portrait of the industry: the sort of people that get involved in it, the individuals they serve, and their goals and worries and the methods they use. She opts for the scenic route. Instead of relying on existing literature, theory, and surmising about the nature of this industry, she has learned about the business from the inside, and she speaks to the people involved as colleagues. Her findings appears to me to be accurate, thorough, highly critical, and yet surprisingly empathetic to her subject. She prefers to tell the story through the individuals that are involved in it, and yet she relies judiciously on vast tracts of theory; but she does so in a nuanced and gentle manner. Here she traces some of the current practices back to the long history of European thought, leading us back to the Crusades and the High Middle Ages. From there she carries the reader along with few very well-chosen words through recent sophisticated cultural theories. Never does the overall trajectory of the narrative get lost. And so we find that although this industry is dedicated to serving the world's wealthiest, the one percent – or to be more accurate, the one percent of the one percent of the world's population – it is an industry that is oddly very modern and yet positions itself largely as a defence mechanism against change. An industry that prides itself on its discretion and conservatism, and yet it helps perpetrate inequality on a global scale. It is an industry that views itself as a wealth preservation industry, but it is the preservation of wealth by and for individuals, often at the expense of the potential wealth of society. The techniques used for tax avoidance and wealth preservation are highly sophisticated, relying largely on breaks and loopholes in the international regulatory environment and arbitraging one set of rules against the other in support of a wealthy clientele. This is a unique book. I learned something new on practically every page, not to mention the fact that Brooke Harrington really knows how to tell a story.

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