ethno-linguistic groups. At the same time, fear and vigilance on the part of the larger society bring the minority community to center stage. Recognition, whether positive or negative, is the crucial raw material for cultivation of citizenship. Only those who exist can become members of society. That is why the full citizenship envisaged by liberal political culture is "active" citizenship. Silence and invisibility are luxuries that can be afforded only by members of the majority culture, whose existence is collectively registered and institutionalized. But for minority groups, silence and invisibility amount to nonexistence, even political death. Therefore, any kind of noise that forces mainstream institutions (whether of government or public opinion) to register the existence of a particular group aids in its incorporation.

So long as it does not strip them of legal citizenship outright, crisis can only strengthen individuals' cultural citizenship. Crises are bad for aliens, but good for citizens.

References

Abraham, N. and A. Shryock, 2000. *Arab Detroit: From Margins to Mainstream*. Detroit, MI: Wayne State University Press.

Bakalian, Anny and M. Bozorgmehr, 2009. *Backlash 9/11: Middle Eastern and Muslim Americans Respond*. Berkeley, CA: University of California Press.

Bankruptcy Without Borders

FRANK DOBBIN
Harvard University
frank_dobbin@harvard.edu

Bankrupt: Global Lawmaking and Systemic Financial Crisis, by **Terence C. Halliday** and **Bruce G. Carruthers.** Stanford, CA: Stanford University Press, 2009. 505pp. $29.95 paper. ISBN: 9780804760751.

In 1998, Bruce Carruthers and Terence Halliday published a magisterial 600-page tome on the reform of bankruptcy law in the United States (1978) and Britain (1985). *Rescuing Business* was really two books in one. It detailed how institutional differences, and power differentials among interested players, translated a shared concern about corporate bankruptcy into quite different policy changes in the two countries. The shared concern was that bankruptcy conventions were not Pareto optimal. Regulations prioritized the timely repayment of creditors over the interest of shareholders and employees in sustaining the firm. Firms were dissolved that had a fighting chance. Creditors themselves were ill served, for firms were dismantled to pay pence on the pound when they might have returned every penny due in due course. *Rescuing Business* offered a resolutely analytic and sociological account of a legal revolution in two contexts.

Bankrupt: Global Lawmaking and Systematic Financial Crisis is the sequel. The Asian financial crisis laid bare the challenges of bankruptcy in a global economy. What should happen when a firm collapses and creditors and customers from half-a-dozen countries swoop in over the carrion to fight for the biggest chunks? Global financial institutions sought to coordinate bankruptcy across countries.

Halliday and Carruthers build a resolutely analytic argument once again, in the process helping to fill two gaping holes left by the organizational, world polity, and historical institutionalists. The organizational and world polity institutionalists are all over the issue of diffusion (Meyer and Rowan 1977; DiMaggio and Powell 1983; Thomas et al. 1987; Meyer et al. 1997; Greenwood et al. 2008). The historical institutionalists are all about how change occurs within countries, and how and why it doesn't (Thelen 1999; Streeck and Thelen 2005). But neither camp has paid much attention to where global policy innovations come from or how innovations are adapted to new contexts through interchange between global and local agents.

Bankrupt is devoted to filling those two holes in the process of explaining the new global equilibrium in bankruptcy regulation. On the question of where global policy conventions come from, world polity theory's implicit, and unsatisfying, answer is that leading countries make them up. The first part of *Bankrupt* traces the roots of conventions that emerged after the Asian crisis. The recent British and U.S. changes set the stage for the creation of global conventions, but those countries did not adopt identical reforms and so international financial institutions (IFIs) could hardly Xerox one of their bankruptcy codes. The authors followed the paper trail of draft accords and interviewed scores of players over seven years.

Halliday and Carruthers' theory of policy recursivity offers an important amendment to the top-down models of policy innovation found in sociology, political science, and economics (Simmons, Dobbin, and Garrett 2008). They bend the vertical arrow into a circle; even the weak can make claims about rights, and right and wrong, that shape policy norms. Moreover, they show that global leaders anticipate reactions from marginal players when sketching policy templates, and then alter those templates when they face unanticipated resistance. Thus the policies that take hold are not necessarily those that best resemble the core's. Consensus did not emerge around either of the obvious bankruptcy contenders: the U.S.-inspired World Bank model or the Australian-inspired Asian Development Bank model. Instead, consensus was hashed out by the United Nations Commission on International Trade Law (UNCITRAL) around a system that did not require uniform national systems, but rather facilitated coordination across diverse systems. Nations were not expected to line up behind the United States.

The UNCITRAL model for bankruptcy coordination was based on a few broad principles that could be implemented under any of the main families of legal systems, which trace their lineage to Europe. Bankruptcy proceedings should aim to maximize the value of the firm. The firm should be allowed to reorganize if it has a shot at survival. Creditors should be protected but not at the cost of destroying viable debtor firms. National governments should have protocols for coordinating bankruptcy proceedings with others, else scavengers will rush to the body at the first sign of frailty and land the final death blows.

On the question of how global norms are adapted locally, world polity theory's explicit, and unsafisfying, answer is that sometimes follower countries decouple practice from policy and sometimes they don't (but see Czarniawska-Joerges and Sevon 1996; Djelic 1998). Halliday and Carruthers make an important distinction between enactment, or the creation of new laws and regulations, and implementation, or the construction of new regulatory systems and judicial routines for putting laws into practice. By comparing what happens in Indonesia, South Korea, and China, the authors show that when a local tries to foil an innovation at either stage (and someone always does), the country's dependence on outsiders affects the odds of success. Countries that rely on the World Bank and IMF are more likely to talk the talk of enactment and walk the walk of implementation. Indonesia was most fragile, being small, financially weak, and badly battered by the crisis. It enacted nearly a hundred bankruptcy reforms and set out the conditions for institutional reform. But not much has changed on the ground. South Korea, less fragile, dependent, and compromised, did markedly less to enact and not much to implement. China was the least dependent on the World Bank and IMF and while it made legal changes, it took exception to the new global model on a number of grounds to sustain national traditions. China did little to implement changes. Dependence on global financial players doesn't explain everything, however, because in all cases locals successfully stalled or dodged, and neglected to build systems of enforcement.

Why do up and coming countries pay heed to global norms? Theorists of policy diffusion usually assume overeager locals trying to please global leaders, or cargo cults that build rough-hewn facsimiles in the hope of riches, or locals beholden to the IMF and World Bank for handouts. Halliday and Carruthers find a different reality by examining the process of intermediation between the IFIs and nations. Governments often sing along, even in the face of local resistance, because the experts they count on know but one tune. If Indonesia enacts many of the edicts sketched by UNCITRAL, it is in no small part because experienced architects of bankruptcy measures come from, or were trained in, the Global North.

Throughout this marvelous book Halliday and Carruthers maintain a healthy skepticism about the world's new bankruptcy plans. While anthropologists are rarely converted to ancestor worship during their fieldwork, political economists, economic sociologists, and institutional economists have a history of leaving the field with Patty Hearst syndrome—believing the dogma they have been hearing. Halliday and Carruthers point to the near universality of the belief that the "right" bankruptcy system is a precondition to growth, as it gives investors the requisite confidence. Yet they point out that South Korea and China saw economic miracles despite having the "wrong" rules or, for all intents and purposes, none at all. Because the authors have not drunk the Kool-Aid, we see the revolution they document as one of many possible outcomes and one that may be no more stable than the gold standard or the balanced budget (Gourevitch 1986; Hall 1989). It didn't spread because it was "right." It became "right" because it spread. This simple insight has far-reaching implications. It leads Halliday and Carruthers to develop an approach that is social constructionist at its core; they treat their object of study as a system of meanings and techniques. It guarantees that there will be plenty to keep us busy when policy-makers construct a new orthodoxy, which they surely will do because there is no end of history, regulatory or otherwise.

Halliday and Carruthers follow in the footsteps of John Campbell (1998; 2004) to show us how much organizational, world polity, and historical institutionalists have to learn from one another. By developing a packet of new theoretical insights about how policy models are constructed, on the one hand, and about how they are embraced and modified when they reach different national destinations, on the other, they identify the two lacunae that make institutional theory incomplete, and they challenge us to put their new theories to the test elsewhere and to build our own.

It is difficult to do justice to *Bankrupt*'s scope and ambition. The story of bankruptcy reform is gripping and frequently surprising. The theoretical innovations promise to recharge three theories that sometimes feel like they are running out of juice. Lesser scholars might have written a single book about global norm-making and settled for adding two big concepts to the lexicon, the idea of recursivity in global norm-making and the idea that global norm-makers anticipate and respond to local resistance. Or they might have written a book about local adaptation, and settled for adding the concept of intermediation by professionals from the Global North and the idea that locals can foil reform efforts with legitimacy claims. But Halliday and Carruthers clearly do not hesitate when they come up against a colossus of a problem, and they have done it again, giving us two pathbreaking books for the price of one.

References

Campbell, John L. 1998. "Institutional Analysis and the Role of Ideas in Political Economy." *Theory and Society* 27: 377–409.

Campbell, John L. 2004. *Institutional Change and Globalization*. Princeton, NJ: Princeton University Press.

Carruthers, Bruce G., and Terence C. Halliday. 1998. *Rescuing Business: The Making of Corporate Bankruptcy Law in England and the United States*. Oxford, UK: Oxford University Press.

Czarniawska-Joerges, Barbara, and Guje Sevon (eds.). 1996. *Translating Organizational Change*. Berlin, DE: De Gruyter.

DiMaggio, Paul J., and Walter W. Powell. 1983. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." *American Sociological Review* 48:147–160.

Djelic, Marie-Laure. 1998. *Exporting the American Model: The Postwar Transformation of European Business*. New York, NY: Oxford University Press.

Gourevitch, Peter. 1986. *Politics in Hard Times: Comparative Responses to International Economic Crises*. Ithaca, NY: Cornell University Press.

Greenwood, Royston, Christine Oliver, Kerstin Sahlin, and Roy Suddaby (eds.). 2008. *The Sage Handbook of Organizational Institutionalism*. Thousand Oaks, CA: Sage.

Hall, Peter A. 1989. *The Political Power of Economic Ideas: Keynesianism Across Nations*. Princeton, NJ: Princeton University Press.

Hall, Peter A. and Rosemary C.R. Taylor. 1996. ''Political Science and the Three New Institutionalisms.'' *Political Studies* 44: 936–58.

Meyer, John W., John Boli, George M. Thomas, and Francisco O. Ramirez. 1997. ''World Society and the Nation-State.'' *American Journal of Sociology* 103(1): 144–81.

Meyer, John W., and Brian Rowan. 1977. ''Institutionalized Organizations: Formal Structure as Myth and Ceremony.'' *American Journal of Sociology* 83:340–63.

Simmons, Beth, Frank Dobbin, and Geoffrey Garrett (eds.). 2008. *The Global Diffusion of Markets and Democracy*. New York, NY: Cambridge University Press.

Streeck, Wolfgang, and Kathleen Thelen (eds.). 2005. *Beyond Continuity: Institutional Change in Advanced Political Economies*. Oxford, UK: Oxford University Press.

Thelen, Kathleen. 1999. ''Historical Institutionalism in Comparative Politics.'' *Annual Review of Political Science* 2: 369–404.

Thomas, George M., John W. Meyer, Francisco Ramirez, and John Boli. 1987. *Institutional Structure: Constituting State, Society, and the Individual*. Beverly Hills, CA: Sage.

The Banks Did It

NEIL FLIGSTEIN
University of California, Berkeley
fligst@berkeley.edu

The Creation and Destruction of Value: The Globalization Cycle, by **Harold James.** Cambridge, MA: Harvard University Press, 2009. 325pp. $19.95 cloth. ISBN: 9780674035843.

ECONned: How Unenlightened Self Interest Undermined Democracy and Corrupted Capitalism, by **Yves Smith.** New York, NY: Palgrave Macmillan, 2010. 362pp. $30.00 cloth. ISBN: 9780230620513.

The financial meltdown that began in 2007 and continues to dominate the affairs of many of the countries in the world has spawned a literal avalanche of books, somewhere near 40 already published. There is a great deal of disagreement in these books about what is to be explained, how to explain it, and what is the ''real'' single cause of the meltdown. These two books under review have quite different approaches to this problem. The James book uses the historical analogy of the financial meltdown in the Great Depression to draw lessons about what might happen to the global economy. The Smith book provides a systemic account of the relationship between banks, financial instruments, markets, and regulators in the past 30 years in the United States, to produce a fuller view of what happened this time.

Harold James' main goal is to explicate the lessons of the Great Depression for the current situation. The first part of the book is a long analysis of the events that produced the Great Depression and how it affected not just the United States but the entire capitalist world. The second part of the book is a description of the events of the past couple of years. His main argument is that scholars and many policymakers tend to view economic integration of the world economy, what can be called globalization, as an ongoing process whereby integration will inexorably creep forward. James suggests that the main lesson to be drawn from the Great Depression of the 1930s was that globalization was not just halted as a result of the financial meltdown in Europe and America, but rolled back. He proposes there is a cycle to globalization in which periods of global economic integration are followed by periods of retrenchment when financial crises occur.

James shows how the financial meltdowns from 1929–1931 came quickly, spread rapidly, and took down the real national economies across the world. He goes on to consider how policy-makers responded to contain the damage domestically by separating their