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Politics and Institutions in the Regulation of Global Capital: A Review Article

Tim Büthe

Rawi Abdelal, *Capital Rules: The Construction of Global Finance*. Cambridge, MA: Harvard University Press, 2007. xi + 304 pages; ISBN: 978-0-674-023697

David Andrew Singer, *Regulating Capital: Setting Standards for the International Financial System*. Ithaca: Cornell University Press, 2007. xii + 163 pages; ISBN: 978-0-801-445255

Kees Camfferman and Stephen A. Zeff, *Financial Reporting and Global Capital Markets: A History of the International Accounting Standards Committee, 1973-2000*. Oxford: Oxford University Press, 2007. xxiii + 676 pages; ISBN: 978-0-199-296293

Three recent books offer original insights into the politics of international financial regulation, based on newly released documents and extensive interviews with policymakers. Written from very different theoretical and disciplinary perspectives, the books make complementary contributions to our understanding of the role of politics and international institutions in the regulation of global capital. They also show that seemingly technical aspects of the regulation of global markets, such as setting standards, are in fact often highly contested, even when the political conflicts take place in non-governmental settings.

In the early 1970s, capital controls were common and widely regarded as legitimate policy instruments. By the early 1990s, these restrictions on the international flow of capital had not only been reduced or removed in most countries, but they were transformed from a legitimate policy option for national governments to a policy widely regarded as "aberrant" and "wrong" and a violation of universalistic rules on financial openness, codified in the European Union (EU) and the Organization for Economic Cooperation and Development (OECD), and informally also adopted by the International Monetary Fund (IMF)—international organizations that have advanced a rules-based approach to economic globalization. These are the changes that Rawi Abdelal sets out to explain in *Capital Rules: The Construction of Global Finance*.

This liberalization and international integration of financial markets provides the backdrop for David Singer's analysis of capital adequacy requirements for banks, securities firms, and (re)insurance companies in *Regulating Capital*. Specifically, Singer seeks to understand under which conditions domestic regulators seek international regulatory cooperation in developing capital adequacy standards in the transgovernmental organizations of these industries' regulators: the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO), and the International Association of Insurance Supervisors (IAIS).

Financial Reporting and Global Capital Markets, by Kees Camfferman and Stephen Zeff, complements Singer's study with an analysis of a *private*—i.e., non-governmental—international standards-developing organization, the International Accounting Standards Committee (IASC), and its standards for corporate financial reporting. This analytical history of the IASC addresses numerous questions that are important for understanding the role of international organizations in global governance, such as why the IASC, which started out as an organization of accounting experts' national professional associations from nine countries

(Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the UK and Ireland (as one), and the U.S.), abandoned the principle of national representation—and what effects these changes had on who exercised influence and what kinds of standards the IASC produced.

I first discuss each book in the context of the existing literature on international financial integration and the regulation of global capital. I then turn to some broader questions and discuss the implications of the research presented in these three books for our understanding of the role of international institutions in world politics.

Capital Rules

Capital Rules builds on and challenges a wealth of explanations that have been put forth in the rich literature on the causes of financial globalization in recent years (see, e.g., Broz and Frieden 2001; Cerny 1994; Eichengreen 1996; Goodman and Pauly 1993; Haggard and Maxfield 1996; Helleiner 1994; Lukauskas and Minushkin 2000; McNamara 1998; Quinn and Inclán 1997; Simmons and Elkins 2004; Sobel 1994). Yet, Abdelal finds that existing explanations are at best incomplete and usually overstate the role of the U.S. He seeks to correct errors and omissions in existing accounts through a greater appreciation of the central importance of evolving French ideas about the effects of capital controls in the context of French domestic politics.

Like Helleiner (1994), Abdelal takes the American financial market liberalization, driven by managers of U.S. multinational firms and financial investors, as the starting point of his account of financial globalization (2007:3, 7ff). Abdelal rejects, however, the suggestion that the economic logic of capital markets assured the diffusion of the unilateral removal of U.S. capital controls to other countries. While the UK, Germany, and the Netherlands quickly followed (or in part even led) the U.S. in the liberalization of capital, many other advanced industrialized democracies retained capital controls throughout most of the 1980s. French opposition, in particular, ensured that proposals for any multilateral institutionalization of the removal of capital controls were blocked for many years in the EU and OECD. Abdelal also rejects the claim that the U.S. "Wall Street-Treasury[-IMF] complex" turned a U.S. policy preference into a multilateral rule (Bhagwati 1998; Wade and Veneroso 1998). To the extent that the U.S. government and U.S. private financial interests ("Wall Street") sought financial liberalization abroad at all, their approach was unilateral or at most bilateral and *ad hoc* (Abdelal 2007:15, 24ff). Moreover, as Abdelal shows, based on recently released archival material, the U.S. government and Wall Street were indifferent and even hostile to the IMF adopting the removal of capital controls as a general policy—even though it ended up benefitting U.S. financial interest (2007:esp. 123ff).

Importantly, Abdelal seeks not only to explain the change in policy, but also the fundamental change in the normative assessment of capital controls from the post-WWII consensus of "embedded liberalism," when capital controls were considered "natural" and "good" by Left and Right alike, to the age of global capital in the 1990s, when capital controls were considered a deviant and inherently wrong policy (2007:esp.43-53; see also Ruggie 1983; Hays, Ehrlich, and Peinhardt 2005). Abdelal rejects the argument that this institutionalization of normative change was a function of the increasing prominence of economists in policymaking, who then implemented the neoliberal consensus view of economics. Economists, he argues, "had not reached an evidence-based, scientific consensus" (2007:33) about the desirability of

capital controls.¹ Nor was this simply a case of U.S.-trained policymakers coming to dominate international institutions (2007:32). Rather, institutionalization occurred at the international level through the 1988 Council directive that changed EU policy (Abdelal 2007:10, 65ff) and the 1989 amendment to the OECD "Codes of Liberalisation" (2007:11, 89ff), as well as the (ultimately failed) 1994-1997 attempt to amend the IMF Articles of Agreement (2007:11, 142ff). In each of these institutions, French policymakers played a central role. The change in these policymakers' ideas arose out of a crisis in French domestic politics, Abdelal argues, building on the work of Blyth (2002) and Hall (1993). Mitterand's failed attempt to tighten capital controls—to stop capital flight from his more redistributive policies—led to "social learning." The French Left, in particular, concluded that capital controls only constrain the middle class, rather than the truly rich, and that social equality would in fact be enhanced by radically removing them (2007: 16f, 28ff, 58ff). French policymakers of the Left thus changed their policy preference and their normative assessment, but not because they embraced neoliberalism.

The swift institutionalization and thus dispersion of the new, normatively favorable view of capital liberalization, however, was not an inherent consequence of the French economic crisis of the early 1980s. Rather, it arose out of the highly contingent coincidence of the change in French domestic ideas with the exceptional prominence of French policymakers of the Left in senior positions in the EU, OECD, and IMF. Giving these international organizations a role in overseeing member states' capital account policies increased their "relevance" to the process of globalization. It thus allowed Delors, Chavranski, and Camdessus to pursue organizational interests as well as the cherished French objective of *mondialisation maîtrisée* or "managed globalization" (Abdelal 2007:14; Gordon and Meunier 2001), as the liberalization of financial markets not only entails the writing of rules against capital controls but generally has led to more rather than less regulation (see also Vogel 1996). Writing capital account liberalization into the rules of the EU and OECD ensured a broad and lasting effect, including on countries that played no role in setting the rules: "Transition economies" in Eastern Europe and around the world sought membership in the EU and OECD, respectively, in the later 1980s and early 1990s and gave these organizations an opportunity to define the hallmarks of being a "European" or an "advanced" capitalist democracy, respectively (Abdelal 2007:12, 38f).

On the whole, Abdelal advances a constructivist IPE that remains committed to establishing cause and effect, albeit with great emphasis on the contingency of causality.² He therefore carefully delineates the sequence of events to steer clear of circular reasoning when effects subsequently become causes (Büthe 2002; Pierson 2000)—for instance in chapter 7, which analyzes the changing role of credit-rating agencies as *private* (and mostly American) quasi-regulatory agencies in the international political economy (Abdelal 2007:162ff).

Regulating Capital

Singer asks under which conditions domestic government regulators seek cooperation with their counterparts abroad. He focuses empirically on the specialized regulators for banks, (re)insurance companies, and "securities firms" (financial entities that underwrite the issue of financial securities and maintain the secondary market for such securities). It is a timely issue, not just because of the current turmoil in internationally integrated financial markets but also

¹ Notwithstanding clear theoretical predictions, empirical studies by economists continue to find no statistically significant effect (e.g., Eichengreen 2001; Prasad *et al.* 2003), though Satyanath and Berger (2007) find that capital controls indeed negatively affect economic growth—but only in authoritarian regimes, not democracies.

² Cf. Falletti and Lynch's (2007) discussion of theorizing the "context" of social causation.

theoretically: While transgovernmental cooperation was pointed out as an increasingly important element of world politics by Keohane (1971) more than thirtyfive years ago, it has only recently begun to attract sustained analytical attention (e.g., Bignami 2005; Newman 2008; Raustiala 2002; Slaughter 2004:esp. 36ff). Understanding the preferences of domestic regulators for or against such cooperation will advance our understanding of international regulatory outcomes.³

Singer shows an impressive command of the workings of the financial industries that he analyzes as well as an ability to convey—concisely and in non-technical language—an understanding of the risks (as well as the benefits) that the operations of those industries entail for the national and international economy (2007:esp. 13ff). This makes the book valuable for a broad readership and allows Singer to make a compelling case for why prudential regulation of financial industries in general and capital adequacy requirements in particular require political analysis.

Two reasons stand out. First, capital adequacy requirements come at a real cost (Singer 2007:16f). Requiring banks, securities firms, or insurance companies to hold a certain amount of their capital in reserve to be able to deal with financial shocks—such as the collapse of multiple publicly traded companies, unexpected bouts of withdrawals (the "run on the bank"), or escalating insurance claims due to natural or man-made disasters—raises the costs of the financial services they offer, which may threaten their viability since capital held in reserve cannot earn returns. Setting capital adequacy standards thus is a political (non-market) decision about the tradeoff between different kinds of risks. Second, financial market regulators derive their power to make that decision from some other higher political authority. The principal in such a principal-agent relationship retains the power, at some cost, to reclaim the regulatory authority (overrule the regulator) or re-delegate (replace the agent). In advanced capitalist democracies, Singer posits that legislatures will intervene if the regulator's choice of capital adequacy levels appears *ex post* to have failed to strike an appropriate balance between the risks. Financial regulators thus make their decisions in the context of broader political constraints.

Singer suggests that the tradeoff and political constraints become more acute in the aftermath of the kind of financial market integration analyzed by Abdelal. Integration renders the risks of financial sector instability systemic, and when any single country's regulator raises the capital adequacy requirements for its banks, insurance, or securities firms, it hurts the competitiveness of these firms in the global market and thus even reduces the share of domestic financial intermediation and insurance that is covered by the more stringent prudential regulations.* The tradeoff between stability and competitiveness thus becomes skewed in favor of competitiveness and creates a functional incentive for international cooperation (see Keohane 1984): If regulators cooperate by setting international capital adequacy standards (and implementing them through coordinated domestic regulation), they can achieve greater stability for their own countries as well as globally, without adversely affecting the international competitiveness of their domestic financial firms.⁴

³ Transgovernmental relationships are direct relationships among specialized sub-units of governments from different countries, where the sub-units do not rely upon traditional diplomatic channels and are not directly controlled by the hierarchy of the executive branch (Keohane and Nye 1989 (1977); cf., however, Krasner 1995).

* This effect is due to a norm in international financial regulation—which Singer notes, though it remains theoretically unacknowledged—to leave the regulation of capital adequacy for the subsidiaries of multinational financial firms, such as banks, to the regulators in the country where the firm is headquartered.

⁴ Stability is defined as no/low insolvencies or failures of banks, securities firms, or insurance companies.

Singer argues, however, that the functional incentives are not sufficient to bring about international regulatory cooperation. Rather, he assumes that domestic regulators have a strong preference for retaining their policy autonomy and therefore will attempt to deal with shocks to their domestic financial systems' stability through domestic measures. Only when the inability to deal with such shocks unilaterally becomes apparent and raises the specter of reprimand or intervention by the legislature will a regulator seek international cooperation. Increased competition among financial firms thus must coincide with large shocks to the domestic stability of a particular financial industry (such as a string of bank failures) for a country's regulator to change preferences from unilateralism to international regulatory cooperation (2007:20ff, 114ff).

Singer uses this theoretical argument to explain the variation in regulatory cooperation across the industries. Coincident shocks to the stability of the US and UK banking industries and the inability of unilateral domestic measures to deal with the high incidence of bank failures in the 1980s led to a shift in the preferences of that industry's regulators and in turn to the Basle Accord (2007:36f), which set international capital adequacy standards. By contrast, an exogenous shock that resulted in a shift in the UK securities regulators' preferences, only, failed to lead to a similar international capital adequacy standard for securities firms in the 1990s (2007:67ff). Finally, the lack of a serious push for international capital adequacy standards for (re)insurance firms in the 2000s shows that severe shocks (such as skyrocketing insurance claims after 9/11/2001 and Hurricane Katrina) do not by themselves lead regulators to seek international cooperation in the absence of international market integration, as evidenced for Singer by the relatively low level of international competitive pressures in reinsurance (2007:96ff).

Financial Reporting and Global Capital Markets

While Singer focuses on government regulation, Camfferman and Zeff focus on private regulation of the financial reports of often global corporations via the standards developed by the International Accounting Standards Committee. Accounting standards specify how to calculate and disclose information like profits, costs, assets, and liabilities in financial statements. These standards are supposed to lead to financial reports that provide an accurate depiction of the financial position of each firm and are easily comparable across firms.⁵ International integration of financial markets here, too, creates a functional incentive for international cooperation, though cooperation came about no more automatically in the realm of accounting standards-setting than in the areas of international finance analyzed by Abdelal and Singer.

Firms with publicly traded financial securities (such as stocks or bonds) are usually required to use, for their obligatory financial reports, a particular set of "financial reporting standards" that have traditionally been set at the national level by legislatures, financial market regulatory agencies, or self-regulatory bodies of accountants or financial market participants. And any firm may issue financial statements indicating how their profitability and other financial results would differ if the accounting had been done using a different set of standards. The differences matter: when the German corporation Daimler-Benz decided to list its shares on the New York Stock Exchange in 1993, it reported financial results for 1991, 1992, and 1993 under both the originally used German statutory accounting standards (HGB) and U.S. standards (U.S. GAAP). Its 1993 profit of DM 600 million under HGB turned into a loss of DM 1.8 billion under U.S. GAAP, while shareholder equity under U.S. GAAP was 8.7 billion higher than under

⁵ The standards also create incentives through which they shape the behavior of firms far beyond accounting, such as the choice of performance incentives or the allocation of research and development activities.

German HGB standards (Radebaugh, Gebhardt, and Gray 1995:176ff; see also Camfferman and Zeff 2007:412). International accounting standards were intended to overcome the differences in accounting rules that had led to such differences in results and alleviate the related difficulties in comparing investment opportunities across countries, thus making international financial markets work more efficiently (2007:21ff). *Financial Reporting and Global Capital Markets* provides a rich, analytical history of the IASC's attempts to develop such standards—and to become *the* global standards-setter for financial reporting standards—from its origins in the 1970s until 2000, when it transformed itself into the International Accounting Standards Board, which is the global accounting standards-setter today (see also Jupille *et al* 2008:ch.4; Leblond 2006; Martinez-Diaz 2005; Mattli and Büthe 2005; Posner 2006; Véron *et al* 2006:163ff).

Financial Reporting and Global Capital Markets, commissioned by the IASC as its official history, is written by two accounting scholars—a Dutch expert of the evolution of the institutional context of financial reporting since the 19th century (Camfferman) and the foremost U.S. expert on the history of the accounting profession with a distinguished record of critiquing conflicts of interest and questionable accounting practices long before Enron (e.g., Zeff 1978; 2001). As a work of historical rather than social science scholarship, the book does not put forth an explicit theoretical argument to answer a single overarching question. Yet, it advances several more specific analytical claims and makes a major contribution through its descriptive richness, based on more than 135 interviews and extensive research in the archives of the IASC and some of its national member bodies (Camfferman and Zeff 2007:4, 527ff)—though the authors caution (2007:3) about the lack of recordkeeping or denied access to some of the archives, which reflects a common impediment to accountability and research on private governance. Camfferman and Zeff examine, *inter alia*, the professional qualifications and employment background of the members of the IASC and its "steering committees," where most of the actual standardization work occurs. They thus provide a window into the set of actors most directly involved in IASC standards governance (2007:64ff, 79f, 218ff, 232f). Similarly, they describe the standards-setting procedures in some detail (2007:esp. 90ff, 352ff), as well as the main issues that arose in drawing up each individual standard (2007:93ff, 264ff, 357ff).

The conflicts of interest that preceded—and made possible—the international "harmonization" of accounting rules are sometimes barely visible in Camfferman and Zeff's account. When the IASC "Constitution" is amended in 1977, for instance, Pakistan and South Africa are simply "invited" to take the two new voting-rights-bearing seats for countries relegated to "associate" membership by not having been founder-members (2007:71, 84f). Such harmony seems unlikely, given that "scores of accountancy bodies" from all over the world had joined the organization after it was first set up, and a number of them "resented the exclusion from full membership" (2007:8). Similarly, there is only a brief paragraph (2007:496) about the 2000/2001 shift to the financing model of the U.S. Financial Accounting Standards Board, which relies on voluntary contributions from the regulated—an arrangement which Congress overturned for the U.S. after Enron, because it found that this dependence on solicited contributions had excessively compromised the independence of the private regulator (Mattli and Büthe 2005), and which was quite controversial when originally proposed for the IASC (2007:240ff, 247ff; see also Büthe 2009).

Generally, however, Camfferman and Zeff are not shy to show the conflicts within and the politics surrounding the IASC and its standards-setting work. In fact, the authors' central (if largely implicit) argument is that financial standards-setting is and has always been both a technical and a political activity, and that the history of the IASC cannot be understood without

taking both elements into account. Most interesting from a social science perspective are therefore the parts of the book where they examine the evolution of the IASC, in particular the last two chapters of the book: "The World Wakes Up to the IASC" and "Toward a World Standard Setter" (2007:408ff, 447ff). Here, the authors argue that concern for the organization's viability and relevance led non-Anglo-American members of the IASC to allow U.S. private interests and the U.S. Securities and Exchange Commission to railroad them into a restructuring that at least initially marginalized non-Anglo-American interests (2007:esp.478ff, 491f).

Preferences and Domestic Political Institutions

All three accounts of the regulation of global capital start with the preferences of individual and collective actors. But whose preferences do we need to know to understand international regulatory outcomes and where do those preferences come from?

Singer focuses on domestic financial market regulators, conceptualized as collective, institutional actors, rather than as the individuals who temporarily lead regulatory agencies. Consistent with organization theory, Singer assumes that their primary interest is to maintain their policy autonomy both domestically and internationally. The desire to maintain maximal independence vis-à-vis their foreign counterparts is important since otherwise, under Singer's assumptions, regulators as agents should always collude internationally to maximize the stability of their domestic financial industries through higher capital adequacy requirements, since that policy would maximize their autonomy vis-à-vis their domestic political principals: legislatures. Singer models the legislature as a unitary actor with fixed preferences. In the open economy context, it seeks to maximize the stability of financial industries *and* the international competitiveness of domestic firms in those industries.⁶

This specification of the legislature's preferences could be made theoretically more compelling through a richer model of domestic politics. Legislators presumably care first and foremost about their own re-election; they (or their parties) therefore care about constituencies and their material and other interests. Why would legislatures (or the median legislator) seek to maximize the international competitiveness of e.g. banks rather than the availability of financial intermediation services for citizen-voters, irrespective of party affiliation and the domestic political institutions emphasized by other scholars (Oatley and Nabors 1998)? This issue matters because the tradeoff between the latter concern and capital adequacy requirements is *independent* of the international integration of financial markets. Specifying more fully the model of domestic politics that underpins actors' preferences would therefore be a fruitful avenue for future research.

Domestic politics is more fully theorized in Abdelal's book, where politicians of the Left seek to maximize the material benefits of their core constituency by constructing rules for financial markets that are more beneficial to lower and middle class voters than the restrictions on capital mobility that were in practice advantaging the French financial elite (Abdelal 2007:28ff, 58ff). This theoretically clean yet empirically rich and historically contextualized account of domestic politics generates the policy preference that French political leaders take to the international level.

⁶ In addition, legislatures seek to minimize the risk of getting blamed for striking the "wrong" balance between the two objectives when there is a direct tradeoff, which here as in other issue areas seems to motivate the delegation of regulatory authority in the first place (see Büthe 2008b; Mattli and Büthe 2005).

Abdelal's account of the domestic political process in the other advanced industrialized countries, however, is far less detailed and thus allows neither author nor reader to explore the possibilities for the kind of trans-governmental or transnational politics that are central to Singer's and Camfferman and Zeff's work. The U.S., for instance, in Abdelal's account has a monolithic, fixed preference for liberalization without institutional embeddedness, whereas Germany has a preference for liberalization *with* institutionalization. Moreover, the former appears to be a function of U.S. power in the global political economy whereas the latter is a function of ideology. This makes French politicians seem exceptional in deriving their preferences about financial regulation from domestic politics, with important implications for any normative assessment of capital liberalization (see Grant and Keohane 2005; Kahler and Lake 2003). Abdelal ultimately makes a compelling case for the centrality of French policymakers due to their leadership roles in an unusual range of international organizations at the time. But why should political leaders elsewhere have been less attentive to their constituencies at a time when all of them tried to grapple with the implications of international economic integration for domestic politics?

Camfferman and Zeff focus on the leaders of the IASC and their organizational interest in ensuring the financial viability and substantive relevance of the IASC as a regulator. The authors' assumptions allow them to provide a compelling account of the specific strategies pursued by the IASC leadership—from the compromise "standards" of the early years, which were little more than compilations of multiple best practices, to the breakthrough of the IASC "Framework for the Preparation and Presentation of Financial Statements," which guided standards development from the late 1980s onwards.

One wishes, however, that the authors had provided a similarly coherent account of the preferences of the domestic-level IASC member organizations. This omission seems particularly problematic in the analysis of the transformation of the IASC into the IASB, which involved much more than a new acronym. The old IASC had operated largely on a constituency model: Domestic-level associations of accountants—one or more per country but with one vote per country—were the members of the IASC. Members of the IASC board thus had national constituencies. In the IASB, by contrast, members of the board are supposed to be independent experts, not representing anyone in particular, but to be drawn from among the leading experts in international accounting/financial reporting, which ensured the predominance of Anglo-American accountants and notions of financial reporting, given the international distribution of expertise at the time (Mattli and Büthe 2005). Professional associations from Japan, France, and Germany, in particular, were predictably going to lose. Why did they fail to pursue *their* organizational interests when they supported transforming the IASC into the IASB?

From Preferences to International Outcomes

Institutional Complementarity theory (Mattli and Büthe 2003) might provide an explanation for the seeming failure of the national member bodies of the IASC to pursue their organizational interests. It suggests that, when international institutions are founded on the principle of national representation of interests, domestic institutional fragmentation that impedes information flow and impedes the aggregation of preferences puts stakeholders from countries with such institutional arrangements at a disadvantage vis-à-vis stakeholders from countries with more coherent domestic institutions. German interests, for instance, were represented by two IASC "member" organizations, reflecting divisions among German accountants and an even greater fragmentation of domestic stakeholders in a country where

accounting standards had traditionally served numerous objectives other than informing financial markets. This made it more difficult to establish and represent a "national interest" and might have allowed the IASC organizational leadership to "capture" the country's representatives. The theory thus suggests an explanation for the decision to abandon the constituency model, which otherwise must be reported as simply having "stunned everyone" (Camfferman and Zeff 2007:492).

More explicitly theorizing and empirically examining the mechanisms that translate domestic-level preferences into international outcomes could also strengthen the works by Abdelal and Singer. Abdelal's argument about the centrality of France appears to rely in large part on the institutional mechanisms for decisionmaking, especially in the EU, which also plays a prominent role in Elliot Posner's new book on international finance and the rise of new stock market (Posner 2008). That logic, however, remains largely implicit in Abdelal's book. For Singer, explaining international outcomes also entails little more than explaining preferences. In an implicit challenge to Simmons (2001), Singer contends that it is not sufficient to examine U.S. preferences, only, but that we must consider the U.S., UK, and Japan (Singer 2007:32ff; for yet a different approach, see also Drezner 2007). And yet, his empirical account of how the U.S. and UK banking regulators "convinced" the Japanese regulator to agree to the stringent capital adequacy requirement of the "Basel Accord" (which the Japanese regulator had opposed), suggests a very conventional international politics: the threat of exclusion for Japanese banks. This leaves the reader wondering why such a threat would not have succeeded if carried out by the U.S. alone. International institutions may provide the answer.

International Organizations as Context, Agents, and Actors

The three books differ in the roles and prominence attributed to international organizations. In Singer's account, the international organizations of central bankers and financial regulators (BCBS, IOSCO, and IAIS) play a rather marginal role. These rudimentary, transgovernmental IOs appear to have neither capacity nor motivation to pursue any organizational interests of their own and thus do not appear as actors in their own right but mostly are just structures within which negotiations between the major actors take place. This is not to say that these international institutions do not matter: even IOs with minimal staff may facilitate international cooperation by reducing transaction costs (Keohane 1984), but, for Singer, the IOs are no more than context for the interactions between national regulators.

International organizations play a much more autonomous and quite prominent role in Abdelal's book. Structured, rules-based international economic integration becomes possible precisely because EU and OECD adopt the removal of capital controls as their policy stance. French political leaders pursue their domestically derived interests through these organizations, but this becomes possible only because doing so also allowed them (as leaders within the EU and OECD) to advance the organizational interests of these IOs. The IOs thus have a set of interests that are distinctive from the interests of their member states, though Abdelal focuses on a particular time when the interests of the IOs coincided with the interests of political leaders derived from domestic politics, which allowed the new ideas about the costs and benefits of capital controls to reshape the rules of the international political economy so powerfully.

For Camfferman and Zeff, finally, an international organization, albeit a non-governmental one, is naturally front and center. Their account of the founding, evolution, and standards output of the IASC shows this IO to have had clearly defined organizational interests of its own: viability and relevance. The authors suggest convincingly that we would not have a

single set of international accounting or "financial reporting" standards today—and certainly not the particular set of standards developed by the IASC by 2000—had it not been for 25+ years of efforts by the IASC to pursue these dual and sometimes conflicting objectives by striking compromises to enhance the appeal of these standards to financial market regulators as well as firms (preparers of financial reports), without sacrificing too much democratic legitimacy nor the technical quality that ensured professional respect among accountants. International outcomes would differ if it were not for these organizational interests of the IASC and its capacity as an actor in its own right to pursue these interests with a substantial degree of autonomy.

What might account for the differences in the prominence and autonomy of these international organizations? This is an important question because it is the international institutional context that renders international market regulation of the kind analyzed in these three books neither just an extraterritorial extension of domestic politics and nor simply a case of traditional international politics. Yet, we have little systematic knowledge about what determines the autonomy of IOs. The history of the EU Directorate General for Competition, for instance, suggests that having initially a small staff and little prestige need not be an impediment to an IO attaining real power, independent from member states (Büthe 2007; 2008a). Is the IASC's greater autonomy due to its non-governmental status? Abdelal's work and other analyses of international (governmental) organizations (e.g., Barnett and Finnemore 2004; Hawkins *et al.* 2006; Nielson and Tierney 2003; Bradley and Kelley 2008) suggest that IGOs are no less capable of agency than INGOs such as the IASC. Yet, as governments increasingly delegate regulatory authority to non-governmental bodies, the distinction between IGOs and INGOs surely warrants more analytical attention, because there are good reasons to think the difference might matter. While government recognition of its work was clearly important to the IASC, the financial resources and technical expertise that made it viable as a standards-setting organization came from private actors, such as professional associations and multinational firms. Moreover, as a non-governmental organization, it was free to change its focus and institutional structure to raise more funds (e.g. to increase its staff to allow for more autonomous agency) in ways that IGOs cannot do. All of this points to a research agenda—systematic theories and empirical analyses of the capacity and limits of international institutions *as actors*—that promises to advance our understanding of the regulation of global capital and beyond.

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