Review Article

The unusual suspects: The French Left and the construction of global finance

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Abstract How can we explain shifts in capital controls? How can we account for the emergence and diffusion of new norms that guide financial practices? How can we explain the rise of global finance? Instead of the usual suspects that such questions would lead us to consider, Rawi Abdelal's brilliant book, *Capital Rules: The Construction of Global Finance* (Harvard UP, 2007) opens new paths and summons a set of very unusual suspects: French socialists rather than American neoliberals, and norms rather than material interests. The result is a fascinating, detailed account of how a few entrepreneurs put their mark on global finance.
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Introduction

With the current global financial crisis, the pendulum is swinging. After more than two decades of financial liberalization, we may be entering an era in which capital controls and tight financial regulations will be the new orthodoxy, as they were when the International Monetary Fund (IMF) was created in 1944. In the last 50 years, capital controls went indeed from being, up to the late 1970s, a legitimate policy tool to prevent the destabilizing effects of short-term, speculative capital flows (so-called 'hot money') to a heresy that thwarted efficient allocation of resources in the late 1980s and 1990s, and then, in the wake of the 1997–1998 Asian financial crisis and the current one, back to a judicious and responsible policy practice that can prevent the diffusion of financial panics and spiraling crises.

How can we explain these shifts? How can we account for the rise and fall of economic orthodoxies? How are these orthodoxies, as standards of appropriate

behavior, diffused internationally? Considering today's global crisis, these are crucial questions. Conventional accounts point to the instrumental role of the United States and line up the usual suspects: the US Treasury and Wall Street, the IMF and the Washington Consensus, and the rise of rightwing neoliberal economists, technocrats and political leaders. Such an account is shared not only by opposing Realist and neo-Marxist scholars like Jagdish Bhagwati and Robert Wade, but also by the media and social movements opposed to globalization. It is the shared assumption underlying the globalization debate. Whether people are opposed or favorable to the rise of an integrated market for capital, goods, services and labor, they turn to Washington and New York to find answers to their questions and, outside the United States, discussions quickly become tainted with anti-American postulates.

One of the greatest merits of Rawi Abdelal's fascinating book, *Capital Rules: The Construction of Global Finance* (2007), is to directly challenge this perspective and propose a cogent revisionist analysis. Instead of the usual suspects mentioned above, Abdelal lines up a set of very unusual suspects that played a crucial role in the liberalization and globalization of capital flows in the 1980s and 1990s. Instead of liberal Anglo-Saxon countries like the United States or the United Kingdom, he pinpoints the European Union (EU) and, more particularly, France, the quintessential statist country, where the opposition to globalization has been very vocal since the early 1990s. Instead of the rise of neoliberalism, US-trained economists and rightwing politicians, he stresses the role of leftwing French technocrats and bureaucrats influenced by social Catholicism and trained at the French National School of Administration. Put briefly, Abdelal suggests that the globalization of finance that the French love to hate was actually engineered by themselves.

This essay first discusses the main points and contributions of Abdelal's complex argument. It then identifies some theoretical limits and empirical shortfalls of his book and, finally, situates some of his claims in the context of the French debate on European integration and globalization.

Writing the Rules of Global Finance

Abdelal's analysis focuses on three international organizations that contributed to the globalization of finance: the EU, the Organization for Economic Cooperation and Development (OECD) and the IMF. In 1988, the EU voted a directive lifting all restrictions on all capital flows – long and short term; in 1989, the OECD amended its Code of Liberalization of Capital Movement, thereby making open capital account a requirement of OECD membership and one of the defining practices of developed countries; and in the 1990s the IMF

informally supported the abolition of capital controls and almost amended its Articles of Agreement so as to turn this informal practice into a formal rule applying to all IMF members, that is, 184 countries. Together, these rules provided a formal framework regulating global capital mobility and constraining national policies. They defined what appropriate and legitimate economic practices were and deprived deviant governments of legitimacy, credibility and resources.

In contrast to what one might have expected, the US Treasury and Wall Street were not key players in this process. The United States was irrelevant to the construction of EU rules and, according to Abdelal, indifferent – but not opposed – to the amendment of the OECD Code of Liberalization. Similarly, in the case of the amendment of the IMF Articles of Agreement advocated forcefully by the IMF Managing Director, Michel Camdessus, the '[US] Treasury policymakers were at best indifferent to the capital liberalization amendment, and some senior officials even opposed its progress. Wall Street was unambiguously against [it]. The only decisive American influence on the process came when the US Congress eventually, and single-handedly, defeated the proposal' in 1998 (Abdelal, 2007, p. 13).

The position of the United States is not as surprising as it may seem at first glance when one considers its conception of globalization. According to Abdelal, the United States favors an informal process of *ad hoc* globalization, resulting from unilateral policymaking and bilateral agreements. The US Treasury and Wall Street did not need the EU, the OECD or the IMF to play a central role in global finance; they already had access to the most profitable markets in the world and did not need multilateral formal rules that could have jurisdiction over capital account and eventually constrain them as well (Abdelal, 2007, pp. 26–30). The United States was very reluctant to empower and delegate authority to relatively autonomous international organizations that are often run by European officials and saw the latter's endeavors as primarily driven by organizational interests and as an effort to increase the international relevance of these organizations (Abdelal, 2007, pp. 140–141). In contrast to the Europeans' efforts at developing multilateral mechanisms of regulation, the United States preferred to regulate capital flows and enforce US norms through private rating agencies like Moody's and Standard & Poor's.

It was not the United States but France that was instrumental in rewriting the rules of international finance and bringing about the end of capital controls, thereby fostering the free movement of capital across the world. France was obviously not the only European country involved in writing these rules. However, its position in the decision-making process of the EU, the OECD and the IMF allowed it to hold considerable veto power. Whereas all European countries progressively accepted capital liberalization, for many

years France kept blocking all proposals aiming at the institutionalization of the removal of capital controls in the EU and the OECD. Any advancement on this issue required a change in the French position. Four French policymakers made such change possible: Jacques Delors, Minister of Finance from 1981 to 1984 and president of the European Commission from 1985 to 1994; Pascal Lamy, Delors's adviser at the Ministry of Finance and chief of staff at the European Commission; Henri Chavranski, who between 1982 and 1994 chaired the OECD's Committee on Capital Movement and Invisible Transactions (CMIT) that supervises compliance with and amendment of the OECD's Code of Liberalization; and Michel Camdessus, Managing Director of the IMF between 1987 and 2000. Delors, Lamy and Chavranski were members of the French Socialist Party and they all worked, together with Camdessus, with Socialist President François Mitterrand.

These four policymakers were genuine entrepreneurs who managed to recast existing issues and – in most cases – mobilize the necessary support to institutionalize the changes they advocated. They were all deeply marked by the crisis that the Mitterrand presidency experienced in 1982–1983 and engineered the U-turn of the French government toward austerity and market liberalization within the framework of the European Monetary System. Although they all had favored capital controls in the past – as a prerequisite for government autonomy – they came to see them as producing perverse distributional effects:

> the new world of internationalized financial markets meant that capital controls, long one of the Left's tools for macroeconomic management on behalf of the working and middle classes, no longer empowered labor and the intelligentsia. Indeed, from this perspective, they had the opposite effect. Capital controls that constituted a mere nuisance for the rich had become a veritable prison for everyone else. Unable to control the rich, the French Left decided to free everyone else. (Abdelal, 2007, p. 29)

From then on, they saw liberal policies as instruments of social justice and levers of modernization.

> [T]his is how policymakers of the French Left interpreted their recent past, and their interpretations guided later decisions.' 'The march of capital mobility spread beyond France when they left the government and brought their influence to the international organizations that govern globalization. Once there, they proceeded to generalize for the wider world the policies that they had chosen for France. (Abdelal, 2007, pp. 16, 29)

And so they did. In 1986, the European Commission, led by Jacques Delors, voted the first directive obliging EU members to liberalize capital movements, and in 1988, it voted the second directive engaging the EU on the path of total liberalization of capital movements, including short-term transactions. These reforms, in turn, paved the way for the negotiations leading to the European Monetary Union (EMU) and the Maastricht Treaty. The latter institutionalized the end of capital controls even more: 'When, in 1994, the Treaty entered into force, the EU would henceforth have the most liberal rules for capital in the international financial architecture' (Abdelal, 2007, p. 80).

Similarly, inside the OECD Henri Chavranski used CMIT as a forum for persuading the representatives of member countries of the virtues of capital liberalization and forging a consensus in favor of an amendment of the OECD Code of Liberalization so as to include all short-term operations. Thus, in 1989 full open capital account became a prerequisite to OECD membership and a goal for existing members.

Michel Camdessus attempted to do the same thing inside the IMF in the 1990s. Even though its Articles of Agreement provided no legal mandate to advocate capital liberalization, the IMF was influenced by the EU and the OECD and altered its practices, increasingly promoting capital liberalization through surveillance over members' exchange rate policies and technical advice (Abdelal, 2007, p. 137). Camdessus approached other top IMF managers to persuade them to support an extension of the IMF jurisdiction to capital account so as to prohibit member countries from imposing restrictions on international capital movements without Fund approval (Abdelal, 2007, p. 140). Although Camdessus succeeded in persuading several developed countries, he did not convince developing countries and the international financial community. Eventually, Camdessus's initiative failed when it became manifest that open capital account had contributed to the 1997–1998 Asian and Russian financial crises; his project was finally defeated for good when the US Congress presented the withdrawal of Camdessus's proposed amendment as a precondition for an increase in US funding of the IMF (Abdelal, 2007, p. 158).

The fact that the codification of the norm of capital mobility was primarily advocated and, in some instances, carried out by French leftwing policymakers may seem paradoxical, even contradictory. Why would the French Left want to institutionalize capital mobility? At the European level, in addition to the original concern for social justice mentioned above, the hope to improve the French status and to deal with Germany on a more equal footing was a major driver. As Jacques Delors puts it, 'it would be better to live in an EMU zone than in a Deutsche mark zone' (quoted in Abdelal, 2007, p. 10). At the global level, these French policymakers, as the wide majority of the French elite, believed in the capacity of international organizations to *manage* globalization.

They aspired to a multilateral order that would allow European policymakers to have more influence over global finance and a voice in world affairs. This perspective depicted the US-led *ad hoc* globalization as the law of the jungle where the strongest wins at the expense of the general interest. In order to prevent such an outcome, liberalization required organization. Pascal Lamy, former adviser and chief of staff of Jacques Delors and today Director-General of the World Trade Organization, recalls: ‘In Europe, at the time, the French vision succeeded: it was liberalization combined with organization. The stories of the IMF and OECD are similar: these were attempts to liberalize and organize simultaneously’ (quoted in Abdelal, 2007, p. 30).

Thus, while the United States attempts to spread its financial model and norms through private rating firms like Moody’s and Standard & Poor’s and market mechanisms, France tries to do the same through multilateral bureaucratic channels that allow it to compensate for its status of medium-size power. Although the United States may be the uncontested champion of global financial markets, so far France and Europe have won the battle of international regulation. The rules of global finance are not American but European.[1]

Institutions, Interpretations and Entrepreneurs

Insofar as it aims at explaining shifts in the rules of global finance, Abdelal’s book is fundamentally about institutional change. Building upon sociological institutionalism[2] and the growing literature in constructivist political economy (see Abdelal *et al*, 2005), Abdelal (2007, pp. 36–37) defines institutions as both formal rules and informal norms that reduce transaction costs, constitute identities and shape the boundaries of appropriate behavior through scripts or conventions tied to social roles. According to this perspective, interests and preferences are not given and stable and institutions are not a mere arena where actors engage in strategic action. Institutions shape the interpretations and preferences of actors and thereby constrain their behavior.

Abdelal’s emphasis on interpretations and the construction of preferences allows him to make sense of what might seem paradoxical. For example, he points out that ‘The capital account regulations themselves were objectively identical during the 1950s and 1990s, and yet international organizations, ministers of finance, credit-rating agencies, financial journalists, bankers and managers drew different inferences from their implementation’ (Abdelal, 2007, p. 17). It follows that the key to understanding the behavior of the main actors of the international financial system lies not in the actual effects – positive or negative – of capital controls, but on their interpretation and insertion in an

encompassing narrative that will point to a given set of solutions and a course of action.

But Abdelal's major and most convincing contribution – putting aside his fascinating lining up of unusual suspects – is undoubtedly his analysis of the construction and diffusion of norms. How does a given idea become a norm? How does it become a shared assumption about the appropriate and legitimate behavior of actors? Although Abdelal pinpoints the role of entrepreneurs like Delors, Chavranski and Camdessus, in advancing their agenda and persuading others actors – thereby showing that ideas do not float freely but stand instead on the shoulders of specific social carriers – he also stresses the effects of organizational and institutional dynamics. First, international organizations offer forums where members can share experience and learn from each other, thereby fostering a common socialization and shared frames of interpretation. The decisive role of the peer-review process of the CMIT of the OECD is revealing in this respect (Abdelal, 2007, pp. 93–97). Second, international organizations provide a script that confers a positive identity to countries that embraced capital liberalization; adopting the new agenda and turning it into practice enhances the actors' public status. Third, by defining the boundaries of what is deemed appropriate behavior international organizations like the EU and the OECD inform the expectations of financial markets and turn the norm into orthodoxy for the benefit of compliant members (Abdelal, 2007, p. 18). Certain ideas can thus become norms thanks to the sometimes unintended functions that they fulfill and the benefits that they bring.

Once an idea has become a norm, how does it spread to other actors and institutional areas? Throughout his book, Abdelal points out that the diffusion of norms and practices is not based on coercion: the OECD and the IMF do not have the legal tools to *coerce* countries to liberalize capital controls. In the case of the OECD, there are not even sanctions for violating the Code of Liberalization and there are no material benefits for increased compliance (Abdelal, 2007, p. 89). At this stage of the process, the diffusion of the norm depends primarily on its institutionalization in formal rules to the extent that it becomes a constitutive element of the international organizations' identity. From the standpoint of prospective members, joining the international organization almost implies an identity shift and the modification of its capital account policy in accordance with the organization's norm takes the significance of a rite of passage. This dynamic is accentuated by the fact that prospective members generally embrace the organization's rules and principles without really questioning their content because they are eager to demonstrate their commitment. Although international organizations do not use coercion as such, they certainly know how to take advantage of the leverage that their status provides for converting recruits to the orthodoxy.

In spite of Abdelal's subtle and stimulating analysis of the construction and diffusion of norms, the latter's effect on the practices of member countries is not always as straightforward as described above. Some countries changed their practices *before* the norm was constituted and diffused. In such cases, the diffusion of the norm of open capital account increased the legitimacy of existing practices rather than altering them. Therefore, did the EU directives on capital movement and the amendment of the OECD Code of Liberalization codify expanding practices or foster them? Similarly, are member countries of the OECD abiding by the Code of Liberalization because they have been socialized to the new orthodoxy of open capital account or because they derive certain symbolic – and potentially material – benefit from abiding by this Code? In other words, are they following an informal script and rule or are they simply acting strategically? As Hall and Thelen (2008, p. 4) observe, claims about the effects of norms often overstate the extent to which actors behave according to a logic of appropriateness: 'there is always room, and often reason, to be critical of what is deemed 'appropriate'.' Insofar as he writes from a constructivist standpoint, it is likely that Abdelal would rule out this dichotomy between norm and strategy – or between the logic of appropriateness and that of instrumentality – by pointing out that the actors' preferences and conception of the best strategy are shaped by norms. Unfortunately, Abdelal does not elaborate on this theoretical issue.

As a matter of fact, several aspects of his account are under-theorized and would have benefited from a more substantial engagement with the neo-institutionalist literature. For example, his discussion of the diffusion of norms and the adoption of core practices by most units in a given institutional environment is reminiscent of DiMaggio and Powell's (1991, p. 67) emphasis on three mechanisms of isomorphic change: coercive, mimetic and normative. DiMaggio and Powell made a series of predictions on the basis of this distinction so as to assess the relative weight of resource dependence, uncertainty and legitimacy, on a given organization's trajectory. An analysis of the evolution of capital that controls along this line could have generated interesting and potentially generalizable findings.

Similarly, Abdelal's discussion of the role of entrepreneurs would have benefited from the work of Campbell (2004) and Fligstein (2001). As Campbell (2004, p. 74) has pointed out, because they stand at the crossroads of several social networks, organizational fields and institutional arenas, entrepreneurs have access to more diverse sources of information and a wider range of resources that improves their ability to recombine existing materials in novel ways and engage in creative bricolage.

In this respect, Abdelal's analysis of the trajectory and role of Delors and his comrades overlooks the networks and organizational fields that fed and sustained these entrepreneurs and allowed them to justify persuasively the

evolution of their position on capital controls. Although at the beginning of the book, Delors and Lamy appear as actors completely immersed in French domestic politics as well as in governmental and party maneuvers, their connection to these domestic organizations disappears as the narrative unfolds and are not replaced with other types of linkages. Abdelal emphasizes sociological factors but his narrative often projects the image of disembedded, even atomistic, actors, preoccupied with organizational interests and trying to advance their agenda but floating above the social ties and networks that alternatively constrained and enabled their efforts. For example, how did Delors, Lamy and Chavranski relate to their party, the Socialist Party, while they were occupying their respective positions at the EU and the OECD? They had close friends and colleagues in the French government. How did those ties affect their capacity for pressuring member countries? How did they play a role in the referendum on the Maastricht Treaty in 1992? Put briefly, how did entrepreneurs manage old networks and linkages and build new ones for mobilizing the resources necessary for turning open capital account into orthodoxy?

Furthermore, Abdelal identifies the mechanisms that contributed to the diffusion of the norm but does not specify the framing that entrepreneurs used to persuade their colleagues in international organizations. His discussion of the effects of the peer-review process in the OECD underscores the importance of common knowledge but leaves out the narrative that fostered the convergence of perspectives. As Fligstein (2001, p. 113) has argued, skilled social actors 'frame 'stories' to help induce cooperation from people in their group that appeal to their identity and interests, while at the same time using these same stories to frame actions against various opponents.' Tracing the construction and telling of these 'stories' would have provided some additional explanatory leverage to Abdelal's account of the efforts of French socialist policymakers to convince President Mitterrand and construct a consensus on the capital liberalization. Moreover, a meticulous analysis of these stories would have also shed some light on the dynamics leading to the reversal of French socialist policymakers. Abdelal reduces this reversal to a process of social learning but it is difficult to grasp its significance without an understanding of the ideological background and social trajectory of these policymakers. I will return to this point in the next section, when I situate Abdelal's book in the context of the French globalization debate.

The Unusual Suspects and Beyond

Rawi Abdelal's book deserves special credit for lining up unusual suspects and tracing their trajectory, strategies and demands. The most important of these

suspects is undoubtedly Jacques Delors. In contrast to what Abdelal (2007, p. 28) claims, though, Delors has never been 'one of the most influential members of the French Socialist Party.' He was actually a member of a marginal current of the PS that had come out of the Unified Socialist Party led by Michel Rocard. If anything, Delors was primarily a union and state bureaucrat socialized at the Christian Workers' Youths, the French Confederation of Christian Workers (CFTC) and, after 1964, the French Democratic Labor Confederation (CFDT). This union rather than party perspective implied that he was not subordinated to a single party and even accepted to become an adviser to the Center–Right government of Jacques Chaban-Delmas in 1969 before he became Minister of Finance of President Mitterrand in 1981.[3] The refusal of relying on strong, exclusive ties with the Socialist Party and this openness to collaboration with other political forces of the Center, even the Right, was deeply influenced by the political tradition of the CFTC and the CFDT.

This tradition drew on Christian Democracy, social democracy and English socialism as expressed in Fabianism, and revolutionary anarcho-trade unionism (Rosanvallon, 1980, pp. 9–10). It not only underlay a strong moral denunciation of the market but also fed a forceful critique of the state that departed from the statist Jacobin tradition of the French left. It involved antiauthoritarianism and a refusal of rigid hierarchies, a belief in local and decentralized forms of collective action (for example, subsidiarity), and faith in the self-organizing capacity of civil society. This stance has led the CFDT to support European integration as an opportunity for France. Although in the past it supported it in the hope of seeing the advent of a socialist Europe based on the social ownership of means of production, democratic planning and self-management, since the early 1980s it has accepted the European Community as a regulated free trade zone with some basic social protection and coordination. It thus campaigned in favor of the Maastricht Treaty in 1992 and in favor of the Constitutional Treaty in 2005. When one considers such ideological background, Delors and Lamy's turnaround in 1983 comes as less of a surprise. Their Christian background led them to discard ideas of class struggle, accept the legitimacy of the firm and be suspicious of the state. It also grants a somewhat idiosyncratic value to their project.

But in order to really understand Delors and Lamy's agenda and distinguish it from neoliberalism in spite of its insistence on capital liberalization, we also need to put it in the wider context of the struggle for shaping the content and direction of Europe. As Hooghe and Marks (1999) have pointed out, European politics are structured by an interplay between two projects: a neoliberal project aiming at insulating markets from politics and transforming Europe into an intergraded market for capital, goods and services; and a project for regulated capitalism aiming at supporting and enhancing the market and

creating a European social democracy. According to Hooghe and Marks (1999, p. 86), 'The most influential advocate of this project was Jacques Delors. … his characterization of *espace organisé* (organized space) … forms the basis of this project for regulated capitalism.' Thus, while Delors called for the end of capital controls in Europe, he simultaneously advocated social dialogue between employers and workers at the European level as well as the implementation of new social policies. Therefore, his reversal in 1983 was not simply an issue of making capital movement fair for the benefit of the French middle class; it also partook in a larger, coherent programmatic vision aiming at building at the European level what was no longer possible at the national level (see also Abdelal, 2007, p. 64).

Delors's programmatic effort and reforms have influenced the globalization debate in France in two different ways. First, they anticipated and shaped the discourse of 'managed globalization' that has become so ubiquitous in the French public debate. For example, in a speech he gave in April 2001, former French socialist Prime Minister Lionel Jospin (2001, p. 36) stated:

> Political globalization remains to be built: it is regulation. Where the law of the strongest rules, where special interests weaken the general interest, where the search for short-term profit undermines social justice and the environment, it is necessary for states to define the 'rules of the game'. Through concertation in a multilateral setting, states must build an international regulatory architecture.

The French elite shares all these assumptions, and managed globalization has become a rallying call of French intellectuals and activists. At the same time, however, the idea of managed globalization is particularly polysemic. Some unions invoke it to demand the introduction of labor standards and a social clause at the World Trade Organization's talks, others to demand subsidies and/or protectionist measures, and some parties, like the French Communist Party, referred to it in the early 1990s to justify the proposal of an antioffshoring law. For some, managed globalization implies a European project whereas for others it means a consolidation of national standards and sovereignty. For many French people, 'managed' very often means 'tamed' or even 'stopped'.

Delors's programmatic effort and reforms have influenced the globalization debate in another way. They have led to confusion between European integration and globalization. Whereas Delors envisioned Europe as a social-democratic haven that would protect its citizens from the side effects of globalization, an increasing number of French see the EU as simply the Trojan horse of globalization. As Meunier (2004, p. 135) remarks, 'the political alignments of the debate about Europe mirrored, almost exactly, those that would emerge later in the decade during the debate about globalization.'

The deep divisions that structure the EU and the globalization debates in France suggest that Abdelal is perhaps too premature in his conclusions when he writes, 'Few issues in the history of European integration were as difficult as the liberalization of capital movements, but it is now settled *definitively*. Unrestricted capital mobility is part of the *acquis*, the full body of legal accomplishments, of the community' (Abdelal, 2007, p. 209 (emphasis added)). Although any modification of the *acquis* would be indeed very difficult, the issue of capital mobility continues to mobilize an extraordinary number of people across Europe, and particularly in France. For example, in 1997–1998, there were massive protests against the Multilateral Agreement on Investment negotiated behind closed doors at the OECD. The protests were such that the French government withdrew from the talks, thereby leading everything to a halt (Kobrin, 1998). Similarly, in June 1998 the Association for a Tobin Tax for the Aid of Citizens (ATTAC) was founded in Paris to demand the implementation of a Tobin Tax on currency exchanges so as to slow down international speculative transactions. ATTAC, which subsequently became the Association for the Taxation of Financial Transactions for the Aid of Citizens, attracted almost 30 000 members in just 3 years and today it has more than 40 chapters throughout the world (Ancelovici, 2002).

In May 2005, during the campaign against the European Constitutional Treaty (ECT), some of the *acquis* mentioned above were directly targeted. ATTAC denounced the open capital account inscribed in the ECT (Article III-156) and criticized the requirement of a unanimous vote for making any modifications (Article III-157); it demanded the abolition of Article III-156 so as to reinstate capital controls in the EU and a reform of Article III-157 to replace the requirement of a unanimous vote with a qualified majority (ATTAC, 2005, pp. 21, 159–160). Together with several leftwing political parties – including a significant segment of the Socialist Party led by Laurent Fabius[4] – unions and grassroots antiliberal committees, ATTAC led a successful campaign. Although it did not obtain the restoration of capital controls, the fact that 54.7 per cent of the French rejected the ECT suggests that, even in the EU, ~~capital controls~~ could become heresy anew.

Conclusion

Rawi Abdelal's rich and sophisticated narrative makes several contributions to the study of global finance. First, Abdelal makes a cogent argument in favor of a more constructivist political economy. His attention to the agency of actors, to the interaction between formal and informal institutions and to the details of the processes of norm construction and diffusion, is likely to make this book a standard in the field.

Second, Abdelal looks beyond the usual suspects and convincingly challenges conventional accounts blaming the ‘Wall Street–US Treasury Complex’ and US hegemony for the rise of financial globalization. The unusual suspects that he lines up are unexpected and unrepentant. After reading this book, it is no longer possible to listen to diatribes against US-led globalization without imagining French socialist *hauts fonctionnaires* drafting the liberal rules of capital account between two speeches denouncing the evils of ultra-liberalism. In demonstrating that French leftwing policymakers were instrumental in constructing global finance, Abdelal forces us to go beyond Manichean dichotomies and plunge into the complex dynamics of globalization.

The French are likely to be puzzled by such a book, if it ever comes out in French. On the one hand, they will probably enjoy being depicted as movers and shakers that write the rules of global finance; for once, it is they, and not Americans, who run the show. On the other hand, however, they are likely to feel uncomfortable with such responsibility and claim that it would have happened anyway.

Notes

1 Even though the rules of global finance are not American but French, Jean-Charles Naouri, Chief of Staff of Pierre Bérégovoy, when he was Minister of Finance from 1984 to 1986, and responsible for the liberalization of the national financial system at the time, remarked that his team explicitly looked at the United States as a model to reform the French system (quoted in Landier and Thesmar, 2007, p. 137). In this respect, it is worth pointing out that, in the late 1970s and the early 1980s, leftwing ‘modernizers’ like Michel Rocard and Jacques Delors were called ‘the American Left’ by their opponents, particularly Jean-Pierre Chevènement’s CERES.

2 There is a substantial literature on sociological institutionalism. For reviews, see Campbell (2004), DiMaggio and Powell (1991) and Hall and Taylor (1996).

3 Delors defined himself as the representative of the CFDT in the government (Hamon and Rotman, 1984, p. 344).

4 On the internal divisions of the Socialist Party with respect to the EU and globalization, see Crespy (2008).

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