Revolving Doors and Linked Ecologies in the World Economy: Policy Locations and the Practice of International Financial Reform

Leonard Seabrooke
University of Warwick
L.Seabrooke@warwick.ac.uk

&

Eleni Tsingou
University of Warwick
E.Tsingou@warwick.ac.uk

CSGR Working Paper 260/09

Centre for the Study of Globalisation and Regionalisation

Department of Politics and International Studies

University of Warwick

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Leonard Seabrooke
University of Warwick
L.Seabrooke@warwick.ac.uk

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Eleni Tsingou
University of Warwick
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Abstract

Are rules for the world generated by international organizations' bureaucracies or private authority? Certainly both. This paper questions the utility of a distinction between international bureaucracies and transnational private authority, and points to how actors responsible for governing the world economy move between public and private roles. To help understand this 'revolving doors' phenomenon we borrow from Andrew Abbott's work on 'linked ecologies', in which actors within different professional ecologies form coalitions to create alliance strategies in which they can propagate the relevance of their ideas and skills. If successful, an alliance between ecologies can take control of a policy 'location' - how a policy problem should be legitimately understood. We examine the benefit of linked ecologies approaches through two case studies of alliances competing for the best way to solve international financial stability issues, drawing upon interviews with practitioners from key international organizations and policy networks.

Keywords: bureaucracy; private authority; linked ecologies; financial reform; G30; Basel Committee; IMF; World Bank.

Introduction

Are rules for the world generated by international organizations' bureaucracies or private authority? Certainly both. In this paper we explore the phenomenon of 'revolving doors', whereby actors move between the public and private spheres, and its impact on how policy problems, such as financial stability reforms, are addressed. This paper questions the utility of a distinction between international bureaucracies and transnational private authority, and points to how actors responsible for governing the world economy move between public and private roles. The notion that international organizations can be considered traditional bureaucracies is particularly problematic if one considers how actors commonly move between public and private spheres of activity. This is equally true for the notion of private authority as separate from the influence of public institutions. What is particularly important here is that to ascribe public or private identities to actors and then seek to link those identities to forms of authority that are understood as absolutes distorts how we understand the practice of how international standards and benchmarks are formed. Ascribing public or private labels provides a pre-social determination that inhibits us from identifying new practices that may actually be more important than assuming a logic of command or appropriateness. We suggest that a linked ecologies approach overcomes the inadequacies by focusing on how actors continually seek to use ideas, skills, and practices to create coalitions and alliances without ever retaining control of how the idea is interpreted by other actors.

As we clarify below, the linked ecologies framework provides a different approach to the focus on pathologies, diffusion, emulation, and learning in international institutions. We suggest that this literature is particularly helpful in understanding how ideas are transferred and socialized, including the recent specification of a variety of cognitive, behavioral, and other causal mechanisms (Gehring and Oberthür, 2009). However, the insistence that institutions have a public or private identity frustrates and inhibits our capacity to see how actors compete over ideas and skills that cross over a pre-determined public-private divide. As Jeffrey W. Legro (2009) has argued, identities have 'plasticity' and can be pushed and pulled by ideas in contests between individuals and groups.

We know from interviews with staff from various institutions, such as the International Monetary Fund (IMF), the Basel Committee on Banking Supervision (BCBS), the Group of 30 (G-30), the World Bank (WB) and others, that these bodies value technical skills commonly held by professionals in private markets. Indeed, in recent years those in control of regulation have actively sought to learn from actors in the private sector in order to better assess risks from financial innovations (Tsingou, 2004). The view that financial markets are complicated and technical has led to greater reliance on knowledge transfer from professionals engaged in asset trading and evaluation to regulators who are more commonly aligned with the profession of designing fiscal and monetary systems policies. Furthermore, in the last decade there has been consensus among public and private sector actors on the need for transparency and market-based supervision, in part because the private sector and public sector are not as separate as one might think. Officials and practitioners often have common educational backgrounds and are engaged in networks that link different professions (Tsingou, 2004). Given that actors in public and private sectors interact, and that there is a great deal of traffic between the two as actors move through revolving doors, work on authority and delegation that sees policy as dictated by who is in command, or what the organizational culture dictates as appropriate, may miss policy operates as practice (e.g. Lipsky, 1980).

As such, we find that while discussions of public and private authority in the world economy are informative, as there has been a general shift towards standards that provide professionals in private markets with more control, upon closer levels of magnification a logic command or appropriateness must be replaced by a logic of practice.[1] Revolving doors provides a good example of such a practice.

We suggest that the 'revolving doors' phenomenon is underappreciated and poorly understood within work on how international financial standards are created and how certain ways of addressing international policy problems, such as financial stability, are legitimized. To remedy this failing, we suggest that we should place less stress on the logic of command and more on the logic of practice. This choice is informed not only by the 'practice turn' in International Relations, but especially the work in sociology on professions (notably Abbott, 1988, 2005a and Fourcade, 2006). From the latter we borrow a conceptual apparatus to understand how actors within professional ecologies form coalitions that seek to influence practices within other ecologies by forming alliances with like-minded or sympathetic coalitions within them. Following Abbott (2005a) we discuss professional 'ecologies' and how actors seek to create 'hinges' and create linked ecologies in an attempt to gain control over a policy 'location'. By gaining control of a policy location an alliance of actors (effectively an alliance of coalitions within the respective ecologies) is able to influence how certain policy problems are understood and inform broader norms on how policy problems should be legitimately addressed.

The paper follows in four sections. In the first section we discuss the literature on private and public authority, as well as the literature on policy diffusion and pathologies within institutions. The key point is that literature that relies on a logic of command or appropriateness – that reads off power structures or organizational culture – to understand how actors operate in practice provides only part of the puzzle. We also draw upon work on bureaucracy that seeks to specify how actors harbor private goals in addition to their public vocation and will actively seek to increase their prestige through their engagement with other ecologies. In the second section we flesh-out Abbott's conception of linked ecologies.

Sections three and four provide the case studies on revolving doors and linked ecologies, viewed through hinge strategies to capture the location for financial stability reform. We identify three professional ecologies: 'Fiscal and Monetary Systems (FMS)' (those concerned with public finance and monetary policy), 'Asset Trading and Evaluation (ATE)' (banks and investment firms, as well as risk management and credit rating), and 'Professional Economic Sciences (PES)' (those engaged in the professional development of economy theories). Actors from these ecologies seek to form coalitions within their own domain and strike up alliances with coalitions in other ecologies to control the relevant policy 'location' – for example, 'what should we focus on to enhance financial stability to avert financial crises'. Actors within their ecologies will argue over how to best make sense of such problems, and entrepreneurial actors will seek to persuade others of the best 'policy location' - how the policy should be addressed (Blyth, 2007; Flockhart, 2006).

We detail these dynamics through two case studies. The first provides a negative case of a failed 'hinge' strategy (explained below) employed by the IMF and the WB through their Financial Sector Assessment Program (FSAP), which sought to provide a new policy location for enhancing financial stability. Here actors located primarily within the FSM ecology sought to secure influence by calling upon a capacity to measure financial stability, in part through the proclamation of technical expertise and links to economic thought (with links to PES), and also by calling upon actors with links to ATE professions and skills. As their practices were not sufficiently supported by PES and had a lukewarm reception in the ATE ecology, the IMF-WB program had a weak impact.

The second example provides a positive case of how the G-30 and the Basel Committee for Banking Supervision (BCBS), under the auspices of the Bank for International Settlements, formed a hinge strategy that effectively proclaimed that the best treatment of financial stability reform was through what we call Regulation as Risk Management (RRM). In this case coalitions within FSM sought to link to ATE, and then imported many of their ideas and skills (providing ATE 'avatars' within the FSM ecology). The presence of these ideas and skills was confirmed through the links between both ATE and PES (on risk management) and also between FSM and PES, including through the introduction of Value at Risk (VAR) modeling into the Basel II international banking accord. Alliances and the exchanges of ideas and skills across the three linked ecologies were able to wrest control of the policy location for financial stability reform by increasing the prominence of RRM as standard practice (recognized by the IMF and WB through the inclusion of

Basel Committee derived standards in their assessment program for testing financial stability).

We conclude by reflecting on the phenomena of revolving doors and the importance of linked ecologies arguments for understanding the legitimacy of policy locations.

I. Public Authority, Private Authority, and Pathologies

Our conceptual claim is that thinking about 'linked ecologies' is better for understanding how policy is related to logics of practice rather than perspectives that focus on logics of command or appropriateness. Furthermore, we argue that to read actors' interests and behavior off of the hierarchy of power or from the organizational environment does not help us understand the phenomenon of revolving doors and how it affects the creation of international and transnational standards on financial stability reforms. Rather, to ascribe an identity to actors that is informed by a power relationship (master-slave, etc.) or organizational environment (dog-eat-dog or communal, etc) papers over how actors may actually behave in practice. In this sense, ascribing identities as interests provides a pre-social judgment of how actors operate in a social environment. It also tends to treat actors within an organizational culture as singing the same tune when actors within their broader professions may actively seek to form coalitions and alliances with others that, in principle, violate logics of command or appropriateness. Linked ecologies arguments allow us to see how a loose grouping can distinguish itself (by professional skills, for example) while also stressing that within the grouping there is a great deal of contestation between actors. This also permits the view that actors will seek to increase their own prestige and welfare within the group by forming strategies that link them to other groups, or by propagating their own groups' ideas and skills within other groups. Rather than the identification of professional training and skills, the actors are not considered to be 'public' or 'private', pre-social interaction, in a manner that casts an assumption about how they should and will behave. Importantly, the actors within linked ecologies never control how their ideas and skills are received by others, since the recipient's identity does not automatically inform their behavior.

This approach to understanding how actors within international organizations or firms behave is a long way removed from the orthodox approaches within International Relations. We review them here briefly not only to suggest the power of the linked ecologies approach, but also to give them a reasonable hearing.

First of all, while the work on the 'rational design' of international institutions (Koremenos, Lipson and Snidal, 2001) provides the most parsimonious approach for comparative institutionalist analysis, it provides little room for actors within organizations to buck a logic of command. Furthermore, as it is suggested that international organizations are the product of rational design by the states (and their respective power endowments) that created them, there is a clear separation of public from private. The ultimate authority for this literature is presumably public authority. Similarly, the expansive rationalist 'diffusion' literature has discussed how international agreements and standards require aligned conceptions of self-interest from states and the conditions under which this is likely to take place (Simmons, Dobbins, and Garrett 2008; Weyland, 2007). It also places emphasis on specifying the domestic conditions that permit states to receive international policies or standards. Key dynamics behind diffusion are competition and coercion. Importantly, this relatively new scholarship also places stress on the importance of emulation and learning, in which states seek to be seen as legitimate by others through the adoption of a standard (cf. Finnemore, 1996), and by which states seek to improve their information about uncertainties, but are required to rethink their standard operating procedures to do so (Simmons, Dobbins and Garrett, 2008). Ultimately here, however, the conception of how policies and standards are created is one in which public authority is really in charge, and where actors follow a logic of command.

This view has been challenged by research on delegation and trusteeship, especially work concerned with how trustees are called upon to legitimate decision-making based on their professional norms and reputation (Alter, 2008). A more forceful critique of the work on public authority has come from the significant body of work on private authority. This literature emerged, in part, through a dissatisfaction with the work on international regimes and the state-centrism of much International Relations scholarship. Work on private authority sought to redress the stress on public authority by providing a host of cases in which the answer to the question: 'who's the boss?' was clearly not the state (Hall and Bierstecker, 2002; Cutler, Haufler, and Porter, 1999). This literature was certainly onto broader trends within the world economy that had already been identified as the retreat of the state (Strange, 1996) and the rise of international standard setting and guidance for *public* policy that was actually in the hands of private interests. In demonstrating how private authority was becoming more and more prominent, an argument often accompanied by the view that the private and public spheres were increasingly blurred, the emphasis on *private* authority perhaps tipped too far. This has recently been addressed by Rawi Abdelal (2007) in his work on financial liberalization, in which he argues the last decades have not so much seen the rise of private authority but more the delegation of public authority to private actors. From this insight the question is really about what practices support and reinforce such a delegation. And does the practice differ significantly from the intentions of those delegating? The revolving doors phenomenon is critical to solving this problem.

Deviation from a logic of command (a delegated task, for example) is common within bureaucracies. Much constructivist work in the last decade within International Relations has focused upon how staff within international organizations do not necessarily follow a logic of command, but have autonomy from their masters through the creation of an organizational culture.

Among this literature, the most important work has been that on 'pathologies' within international organizations by Michael Barnett and Martha Finnemore (1999, 2004). Barnett and Finnemore, following classic works on bureaucracy (such as Weber's work), are interested in how staff within international organizations can distort policy outcomes and set-in practices that become part of the organizational culture. For example, the IMF has been criticized for its 'bureaucratic universalism' during the Asian financial crisis of 1997-8, which led to the application of reform models that were inappropriate.

Our key concern with this literature is that it relies too heavily on the power of a logic of appropriateness to guide how staff behave, as well as seeing actors within an organization as behaving in a way that is established by the organizational culture. Ole Jacob Sending (2002), for example, has argued that seeing the logic of appropriateness as a key explanatory factor effectively robs actors of their actorness, since it reads their interests and intentions from the organizational culture.

A relevant reflection here for differentiating logics of command and appropriateness from a logic of practice is to consider how bureaucracy is treated within constructivist scholarship. Barnett and Finnemore explicitly base their constructivist model on how international organizations behave from Max Weber's theories of bureaucracy, to highlight the 'normative power of the rational-legal authority that bureaucracies embody and its implications for the ways bureaucracies produce and control social knowledge' (Barnett and Finnemore, 1999: 700). Bureaucracies do not simply follow their masters but have their own normative content and organizational culture. Bureaucracies rely on their technical expertise and their rational-legal authority to claim legitimacy for their actions, most of which includes defining how policy problems should be treated. As Barnett and Finnemore state:

> The ability to classify objects, to shift their very definition and identity, is one of bureaucracy's greatest sources of power. This power is frequently treated by the objects of that power as accomplished through caprice and without regard to their circumstances but is legitimated and justified by bureaucrats with reference to the rules and regulations of the bureaucracy. Consequences of this bureaucratic exercise of power may be identity defining, or even life threatening (Barnett and Finnemore, 1999: 710).

We agree with this statement. How bureaucracies choose to treat policy problems strongly informs the identities of actors within the bureaucracies, as well as how those outside the bureaucracy can see the realms of possibility for policy adjustment. In this regard the 'pathologies' literature, based on Weberian fears of an iron cage and 'specialists without spirit', is right on the money on issues in which the public sphere and private sphere are functionally separated. Where there is little crossover between public sector professionals, trained for public careers, and private sector professionals, trained for market competition, 'pathologies' are more likely to take hold. Indeed, we find this to be true in one of our case studies below.

However, on policy issues in which there is a great deal of back and forth between the public spheres and private spheres in how a policy problem comes to be defined, the 'pathologies' approach starts to lose some traction. This is especially the case if we read actors' interests and behavior off of their bureaucratic culture. Assuming that actors' behavior will follow an ascribed identity prior to their social interaction distorts our capacity to see the practice of how policy problems are constructed. Bureaucrats from a 'public' international organization may not call upon the technical expertise and rational-legal authority of their organization in asserting control over how a policy problem should be considered. Rather, in some cases these bureaucrats may call upon skills associated with professions in the private sphere or in academia to justify how a policy should be examined. In addition, actors within bureaucracies may have privately defined goals that differ from the organization's claims to rational-legal authority or its dominant organizational culture (Lipsky, 1980: 144-6). Actors that seek to move through 'revolving doors' will prize a skill set that differs from the typical representative of an organizations culture (be it in the public sector or private sector), and will behave in abnormal ways. Individual deviation from an organizational culture may be considered 'policy entrepreneurship' if the effort is later successful, or sabotage if it is not (cf. Crouch, 2005). In most cases policy entrepreneurship/sabotage will be not the action of an individual actor but that of a coalition of actors from within the organization and, more likely, from an alliance across organizations that can lend the initiative legitimacy and force.

We suggest that the linked ecologies approach enhances our capacity to see how coalitions can form within organizational cultures where the actors do not conform to an ascribed public or private identity. In this sense we provide another tack on developments from a new generation within constructivist literature that is concerned with specifying variation in how staff within organizations behave. For example, Catherine Weaver's work on 'hypocrisy traps' in the WB details how ideas and practices are institutionalized through observation, including non-participant observation of meetings, 'brown-bag' discussions, and the learning of what she refers to as the local language, 'Bankese' (Weaver, 2008: 14). The result is a finely detailed analysis of how hypocrisy creates distortions but also keeps the organization running, with fine distinctions made about conflicts between staff from different professional backgrounds over how to best understand issues such as governance (Weaver, 2008: 112-13). André Broome and Leonard Seabrooke (2007) have suggested that a comparative analysis of how different international organizations' analytic institutions 'see' provides insight on how research staff seek to separate and differentiate themselves through their creation of policy problems to be solved. In addition, Ole Jacob Sending and Iver Neumman (2006) have asserted how concepts such as 'global governance' replicate a public vs. private sphere dichotomy and assume a logic of command, while staff on the ground have to learn from policy as practice if programs, such as population control, are to be successful. Such literature ties into 'governmentality' perspectives interested in practice.

Work directly applicable to linked ecologies thinking includes that by Bessma Momani and Jeffrey M. Chwieroth. Momani's (2007) work details not only forms of organizational culture within the IMF but also the private goals of particular staff who view themselves as research academics rather than IMF bureaucrats. To apply our language to Momani's case, actors from the FMS ecology seek to enhance their prestige by demonstrating that their ideas and skills have an impact in the PES ecology. Jeffrey Chwieroth's (2007a, 2007b) detailed mapping of how certain actors carry ideas from educational institutions to international organizations and then into national governments provides another example of interaction between different professional ecologies. Chwieroth has traced, for example, how a Latin American scholar who is trained at Chicago as an economist commonly spends an early career period at the IMF, and then carries neoliberal ideas home as a 'technopol' ('technopols' have 'hybrid status as technocrats and politicians') within the Treasury (Chwieroth, 2007b: 449). To apply our language once more, the implication of Chwieroth's work is that actors within PES replicate their ideas and skills within FMS, and links between PES and ATE affirm those practices within all three professional ecologies, providing a 'policy location' that becomes the most legitimate treatment of issues such as capital liberalization. Momani and Chwieroth do not discuss the revolving doors phenomenon and restrict their focus to actors who are identified in the public sphere.

We seek to build upon this new thread of literature by examining revolving doors through the linked ecologies framework. In doing so we argue that rather than focus on a logic of command, or a logic of appropriateness, to read actors' interests from hierarchies of power or organizational culture, a logic of practice is the best route to assessing why revolving doors is present, and why it matters for international standard-setting. Through this aim we link to current work in sociology of professions that stresses how professionalization is not socialization to a value system but also contestation over what practices should be privileged, and how best to persuade other professions to adopt those practices.

II. Forming Policy Locations through Linked Ecologies

Our 'linked ecologies' approach is derived from Andrew Abbott's work. Linked ecologies arguments provide a useful way of considering social interaction between actors from different professional backgrounds and with specialized skill sets, but where the identity of the actor (IMF staff, for example) does not determine their behavior. A few qualifications should be made about ecological thinking before we get into the thick of the discussion. In a similar manner to sealing off 'public sphere' from 'private sphere', earlier studies that applied 'ecology' as a metaphor or analogy were criticized for isolating and black-boxing a certain part of the social world from other elements, creating a distorted picture of both the sources of change within the ecology, as well as the importance of the ecology within the wider social system that provided no explanatory power (Wallerstein, 1976).

Abbott's (2005a: 246) response to such criticisms is to 'reconceptualize the social world in terms of linked ecologies, each of which acts as a (flexible) surround for others' and apply it to the development of professions. Within this conceptualization the ecologies are linked rather than isolated, with no external 'independent' realm operating as a referee or judge on standards or practices developed within the ecologies. Rather, the struggle within the linked ecologies over the selection of practices and ideas exists within an intersubjective shared understanding (cf. Hall, 2008: 5). As such, the most competitive and successful developments across ecologies draw upon actors in different ecologies and combine their ideas, skills and resources (across, for example, governments, firms, and third sector associations) within an alliance that fights against other alliances that represent different ideas, skills recognition, and resources (Abbott, 2005a: 247). Importantly, the element of *combination* across linked ecologies here has distinct advantages compared to the other concepts commonly employed in political economy, such as 'institutional complementarity' (Hall and Soskice, 2001; cf. Crouch, 2005). This is the case since the latter seeks to isolate how organizations within a 'sealed' institutional environment or ecology, while linked ecologies provides room for the notion that skills, resources, and ideas may be spread via alliances transnationally or internationally, rather than within a national domain. Rather than finding complementary partners within an already-existing institutional framework or mindset, combination across linked ecologies opens up greater space for identifying how practices emerge across ecologies that would normally be treated as discrete categories. This should certainly assist us in identifying how transnational and international standard-setting processes are established. For Abbbott, ecology is

> best understood in terms of interactions between multiple elements that are neither fully constrained nor fully independent. We thus contrast ecology with

> mechanism and organism on the one hand and with atomism and reductionism on the other (Abbott, 2005a: 248).

Ecologies are social systems where the overall effect of interaction, rather than the capacities of any particular individual actor, is most important. Furthermore, rather than an organic whole or mechanistic switch, the ecology itself is a realm of contestation between the actors and their coalitions. As neither atomistic law-of-the-jungle competition nor self-propelling organic entity, ecologies are bundles of relationships that can only be differentiated by comparative analysis.

Abbott outlines how an ecology typically contains 'actors, locations, and a relation associating the one with the other' (2005a: 248), which, for his own work, can be understood as professions, their controlled tasks, and how professions and task relate to each other. Coalitions within ecologies form alliances to fight over control of the locations – which may be seen as fights over a shared understanding of the most legitimate form of tackling a task or problem. Unlike Pierre Bourdieu's work (1993) on 'fields', Abbott stresses competition between actors rather than the replication of structures of domination, as well as how actors are promiscuous in how they borrow and promote ideas rather than conforming to hierarchies of genres within an established field. Such an approach conforms to Kratochwil's (2006: 23) endorsement of 'practical knowledge' over formalization. It also has close ties to the pragmatist thought in organizational sociology that stresses decentralized learning and continual reevaluation of benchmarks (Sabel, 2005). Abbott's work also differs from Bruno Latour's work (2005) on Actor-Network Theory in that Abbott's concern is the formation and decomposition of coalitions and alliances within and among the ecologies (see also Abbott, 2005b), while Latour and his followers concentrate on situating actors within a network and detailing how it is maintained.

Abbott's work on universities and states as professional ecologies provides a way of understanding how behavior changes across different 'ecologies' that is useful in locating how 'revolving doors' may be changing international financial governance. Abbott describes how 'linked ecologies' require the presence of 'hinges', understood as issues or strategies that can operate within different ecologies at the same time, as well as 'avatars', which replicate the ideas and skills of one profession into a new ecology. Through hinges and avatars a coalition in one ecology can seek to transform the ideas and practices about a particular task in another ecology. These ideas and skills are never secured within the linked ecology but provide grounds for contestation.

The value-added of the conception of linked ecologies is to investigate how actors form coalitions and alliances to transform how things are done within areas not formally within their remit. It asks us to see 'locations' as intersubjective understandings about how a problem is constructed for a particular task. For example, Abbott contends that within a political ecology the locations are not

> formal legislatures, administrative councils, electoral committees, and so on; these latter are better viewed as simple settings of competition. They are not locations at all in the ecological sense of being endogenously created positions in a competitive space. The real locations in the political ecology are the analogues of jurisdictions in the professional one; they are themselves constructed out of matters of political concern… Another way of putting this is to say that no political group is interested in dominating a legislature simply for the sake of dominating a legislature; what it really wants to dominate is some set of political issues, decisions, and outcomes (Abbott, 2005a: 252).

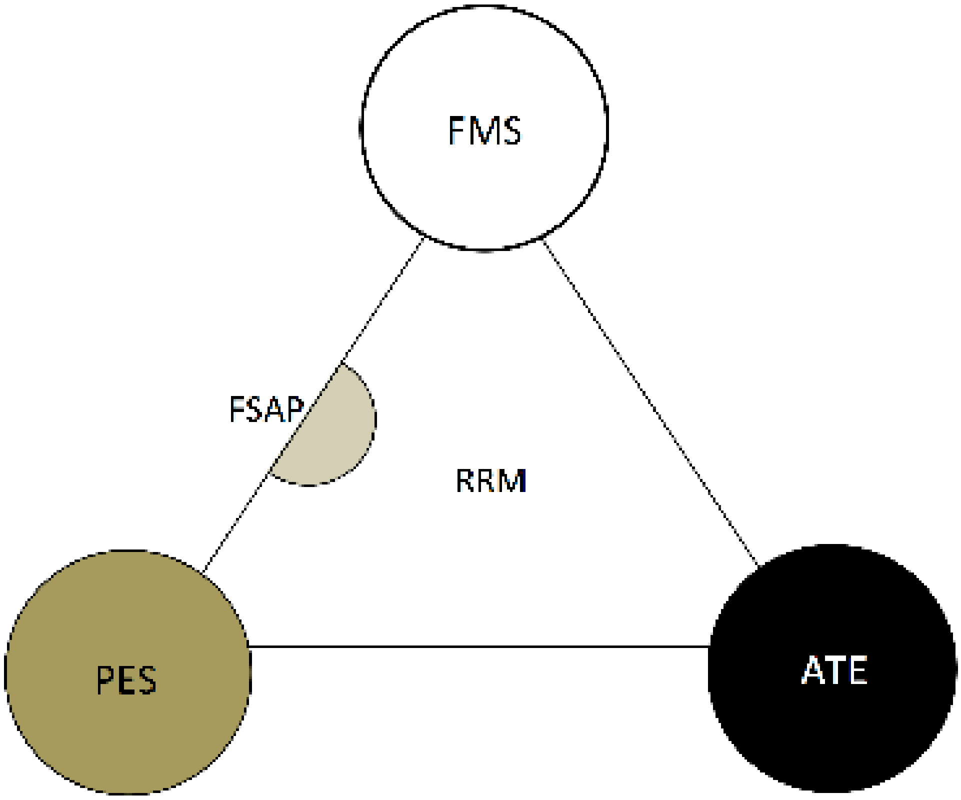
Another application of linked ecologies arguments is useful as an illustration: Marion Fourcade and Rakesh Khurana have demonstrated how business schools in the US were transformed by economists who legitimated 'Chicago-style' neoliberal economic policies as the most scientific and legitimate in an ecology that was founded to provide liberal arts undergraduates with moral leadership and administrative skills (Fourcade and Khurana, 2008: 6). As such, those who favored business curricula to stress quantitative methods based on neoclassical economics and 'management science' replaced the political economists who dominated earlier business schools, with their focus on regulatory problems and questions of moral authority. Alliances between research foundations, such as Ford, the scientization of management practice that was pushed by U.S. military research centers, and corporations as conglomerates that employed the 'scientific' methods were important in transforming business school ecologies (Fourcade and Khurana, 2008: 17). Once strategies (the 'hinges') for the creation and dissemination of knowledge were created from the ecology of economics professionals into the ecology of business school education, the increased legitimacy of ideas and skills associated with the economics profession ('avatars') transformed business schools. As theory and methods borrowed from economics were increasingly prominent and performed, they reinforced a new way of thinking about business that entrenched neoclassical economics as the legitimate standard.

We suggest that the concept of linked ecologies is useful for understanding the formation of locations – tasks to be addressed and handled in a particular way – for financial stability reform within and across countries. We argue that this is especially the case due to the revolving doors phenomenon, whereby actors are rewarded for transferring their skills and knowledge (and their capacity to influence locations) between what is conventionally understood as the private sector and the public sector. Abbott's stress on locations is that they are not identified as 'a location by virtue of having a set of abstract properties that position it in some abstract social or cultural space in advance of social interaction', but by the fact that actors have come to define how a task should be legitimately intersubjectively understood (Abbott, 2005a: 249).

Establishing control over a policy location boils down to what alliance can create the dominant understanding on how a policy problem should best, and most legitimately, be treated.

This understanding of the endogeneity of 'locations' is important for understanding contemporary attempts at defining what is important for international financial reform because it does not impose external and abstract pre-social categories that would blind us to seeing how certain strategies (hinges) and the replication of certain ideas and skills (avatars, for Abbott) are formed. Thus, the 'international' and 'national' cannot be treated as discrete systems. Furthermore, and more important for this paper, we suggest that by focusing on how actors create alliances to develop hinges and avatars, the debate on 'private authority' versus 'public authority' becomes antiquated, since these pre-social categories are externally imposed and do not reflect the 'revolving doors' realities where different ecologies are linked by various alliances and their strategies.

Figure 1: Linked Ecologies on Financial Stability Reform



The Ecologies: *FMS* – Fiscal and Monetary Systems; *PES* – Professional Economic Sciences; *ATE* - Asset Trading and Evaluation

As stated above, we identify three professional ecologies: 'Fiscal and Monetary Systems (FMS)', 'Asset Trading and Evaluation (ATE)', and 'Professional Economic Sciences (PES)'. The policy problem at hand is how best to treat financial stability reform and the fight is over who can control the policy location. Actors in all three ecologies will seek coalitions within their ecologies and through hinge strategies alliances with others to control the policy location.

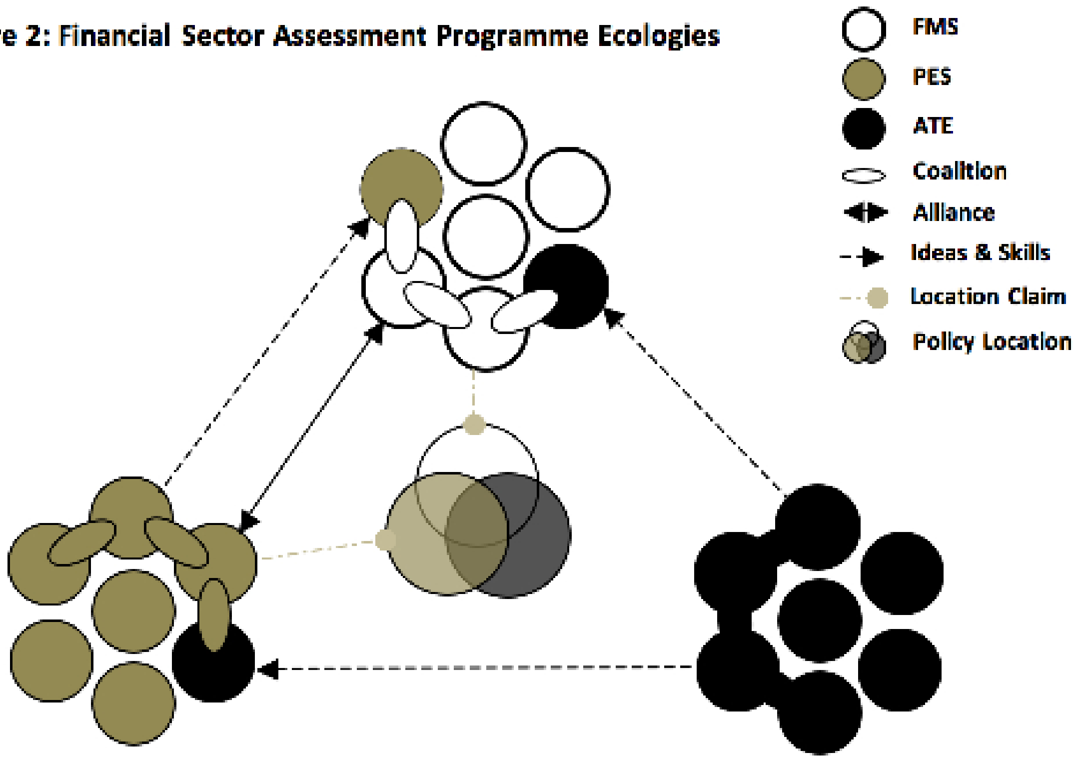
Figure 1 (above) provides a ternary interaction diagram of the professional ecologies and the overall outcomes in how policy locations relate to the different professions. Alliances from the three ecologies seek to control the policy location for financial stability reform – to win the contest of how financial stability reforms should most legitimately be treated (on domestic legitimacy contests see Seabrooke, 2006). We describe two cases below that discuss the policy location of financial stability reform prior to the international financial crisis of 2007-9. The position of the FSAP and RRM relative to the three ecologies, and the area they occupy, indicates the outcomes from the case discussed below. FSAP, the negative case, is a result of interaction between FMS and its links to PES, but has only a weak connection to ATE (despite pretenses otherwise, as discussed below). RRM, the positive case, is located in the middle, reflecting how alliances from all three ecologies came to propagate, or adapt to, ideals and skills tied to Regulation as Risk Management. The diagram does not provide a disaggregated depiction of the coalitions within the ecologies, and their varied hinge strategies, that fought for FSAP or RRM. We leave this to the case narratives, to which we now turn.[2]

III. IMF-WB and the Financial Sector Assessment Programme

The Financial Sector Assessment Program was introduced as a Joint IMF-WB initiative in May 1999. The underlying rationale for FSAP was to assist the Bretton Woods institutions in rescuing their bruised reputations following their inadequate and highly criticized performance during the Asian financial crisis of 1997-8. A further rationale for the program was that the international organizations sought to compete for attention during a period in which other institutions and fora were emerging. The creation of the Financial Stability Forum (FSF) in late 1998 explicitly sought to tackle financial stability reforms within national governments, as well as assist in developing a new set of international standards.[3] The FSF initiative clearly emerged from the FMS ecology, the same professional ecology in which the majority of staff within IMF and the WB operate. The FSF essentially pushed the IMF and the WB to demonstrate what they could bring to the table in assisting with financial stability reform. While the FSF concentrated on dialogue among various partners, the IMF-WB response through FSAP was to assert their intellectual skills on comparative policy knowledge (which provides a foundation for much of its activity, see Pauly, 1997; Broome and Seabrooke, 2007; Broome, 2008).

As a strategy to gain control of the financial stability reform policy location, FSAP represented a hinge strategy from the IMF-WB coalition, to link the FSM to PES ecologies through the generation of indicators and measures on financial stability, while also linking to ATE through rhetoric that the information gathered from assessments would be valuable to markets (cf. Best, 2010). The original justification for FSAP was that it could promote country *ownership* of financial stability reform – that is to encourage governments to voluntarily adopt international standards rather than have them pressured by the IMF-WB. A further rationale for the program was that it would provide a 'judicious blend' of market and official incentives, in that countries would wish to be assessed in order to attract foreign capital, and that making themselves fit for assessment would lead them to conform more closely with IMF-WB on financial system design (Financial Stability Forum, 2000: 2). In practical terms, the FSAP is an assessment of a country's financial stability, its financial soundness and capacity to absorb stress and, in particular, its compliance with international standards. FSAPs generate country reports, including the Financial System Stability Assessments (FSSAs) for the IMF and Financial Sector Assessment for the WB.[4] In theory, the country reports provide information on financial system stability and are an important resource not only for the FMS professional ecology but especially for the ATE ecology who seek information on financial systems in order to profit from opportunities while avoiding investment in countries with vulnerable systems that are more prone to financial crises. FSAP therefore seeks to link comparative policy knowledge from FMS and good science informed by PES with market incentives and opportunities from ATE. This was the overall aim for the program in the IMF-WB coalition's attempt to control the policy location for financial stability reform.

Figure 2: Financial Sector Assessment Programme Ecologies



The Ecologies: *FMS* – Fiscal and Monetary Systems; *PES* – Professional Economic Sciences; *ATE* - Asset Trading and Evaluation

An important element of the FSAP is the creation of a dialogue between FMS professionals within the IMF-WB coalition and those within national governments.

Formally, FSAPs provide a detailed and confidential aide-mémoire with the government. Staff from national authorities who have been involved in a FSAP are commonly invited to participate as experts on other FSAP missions. In this way, the IMF-WB coalition actively creates coalitions to spread its ideas and practices within the FMS ecology. This point was stressed during field interviews, including the view that the pro-market justification for FSAP was primarily rhetorical and that enhancing the IMF's comparative policy knowledge and the potential for *bilateral confidential* policy dialogue was the real aim.[5]

FSAPs have not been successful in creating stable coalitions within the FMS due to the allocation of resources and staff to the program (see also IEG, 2006: 12-13). FSAPs are typically staffed by an equal number of members from the IMF and the WB.[6] with mission experts brought in from national agencies and from other organizations, especially the committees housed by the Bank for International Settlements.[7] Experts on FSAP are typically short-term IMF or WB employees who are under tight time constraints to complete reports and who seek to avoid any contentious issues since this requires draft commentary and rebuttal with the government authority within a period of six weeks.[8] A lack of memory among the staff due to high turnover, a phenomenon also related to revolving doors to the extent that the IMF-WB can attract actors from ATE to participate in their program, is not helped by an incapacity to deal with contentious politics. Indeed, FSAPs have been criticized for not providing sufficient information on financial system stability with regard to international capital because this information is too politically sensitive and would lead to comment on a country's reputation.[9] This problem reflects the difficulty in FSAP dealing with national governments while assessing international standards, leading to possible international shaming and a loss of reputation (Sharman, 2008).

The FSAPs also seek to provide intellectual innovations through improvements in the measurement of financial stability and risk. In this way the link between ecologies is stronger between FMS and PES, with the link to ATE more rhetorical than substantive. Such links between FMS and PES can be understood within the IMF where, as stated in an interview, the staff are bred to be 'mini versions of Keynes', concerned with policy but also linked into professional economic sciences, with rewards going to those who can combine the two successfully.[10] (For a contrast within the coalition, WB staff are rewarded for program approvals and completions more than their intellectual work).[11] Further rewards would also go to those who could devise ideas that would change practices within not only the FMS ecology but also PES and ATE. At the beginning of the FSAP a great amount of intellectual energy went towards the creation of stress testing models (see, for example, Blascke et al. 2001) in which 'the stress test was envisioned as a macro version of a bank value at risk model' (Kupiec, 2005: 77). While stress testing became the most popular part of FSAP for national authorities (IEG, 2006: 16), a particularly important innovation was the development of Financial Soundness Indicators (FSIs) that sought to improve comparative measurement of financial stability. The official aim for FSIs was that they should assist both the IMF-WB through the development of a common policy platform, as well as ATE through improved and transparent information.

The stress placed on comparable quantitative indicators is of particular interest given that early opinion on the FSAP positively stressed how 'narrative evaluation' through a qualitative assessment of how a country conformed with international standards allowed for 'a more nuanced assessment that can highlight progress or backsliding as well as describe the economy's commitment to achieve further improvement' (Financial Stability Forum, 2000: 24). Such a view may have worked within the FMS ecology, but not with PES or ATE where the quantification and indexing of assessments and evaluations has steadily increased (consider, for example, the rise of quantitative techniques in economics, or increased prominence of credit rating agencies through their indexing for comparative measurement of investment opportunities). The drive for FSIs as a new practice within the

IMF-WB can be seen as a hinge strategy to demonstrate that the IMF-WB was adapting to good science and in fact contributing to it in a way that could also better inform the market. FSIs could therefore potentially act as an avatar within PES, to a larger extent, and ATE, to a lesser extent. The foundation for FSIs, however, was weak due to data limitations. As a consequence, the

> Compilation of FSIs is, in practice, an ad hoc exercise – 'There is little or no research, either within the IMF-WB or externally, that truly outlines a scientific methodology for linking FSAP FSIs analysis to reliable assessments of the health of the financial sector. The quality of an FSSA stability assessment depends largely on the quality of economic intuitions and instincts of the FSSA mission team (Kupiec, 2005: 75).

Given this, how do FSAPs provide reliable market signals? This was one of the key justifications for the program. The answer is that FSAPs provide market signals only in cases in which the information on the market available from the ATE ecology, or from different coalitions within FMS, is extremely poor. The IMF's Independent Evaluation Office noted in its assessment of the FSAP that 'Credit rating agencies appear to use FSSAs somewhat more than market participants' (IEO, 2006: 5). Country governments being assessed would understandably be concerned about how credit rating agencies asses the FSSAs, since if the market itself is uninterested, the agencies are then left to 'act as interpreters, advocates, and enforcers' of who has the appropriate financial system and who is creditworthy (Sinclair, 2005: 20).

They may be especially concerned if they knew that there was a bias among FSAP staff to *not* follow evaluation practices often found in ATE or within PES,[12] but to provide a semblance of rigorous quantifiable evaluations while also playing to privately defined goals of career ambition. From field interviews it was clear that junior staff who had engaged in revolving doors, and who possessed skills associated with ATE and were invited to use those skills within the WB, were valued for their knowledge but were blocked from replicating ATE ideas and skills within the IMF-WB coalition. Indeed, from these junior revolving doors it was commented that a key concern was that while their skills were 'an advantage for the work, it is not an advantage for the career'.[13] It was also considered that spending too much time in the FMS ecology would lead to isolation from the ATE ecology. Within the IMF the need to be 'mini versions of Keynes' distorts FSAP assessments and especially FSSA assessments that may be picked up by credit rating agencies. Kupiec found that there was a strong incentive within the IMF not to praise an economic boom but to identify vulnerabilities and weaknesses within countries to the extent that assessments were often overly negative (2005: 78). While senior staff on FSAPs in both the IMF and the WB suggested that their institutions needed ideas and skills from ATE, and would certainly encourage revolving doors, junior staff in the IMF rejected the importance of ATE ideas and skills, while WB junior staff who had moved through revolving doors regretted their choice.

FSAPs have declined in popularity and faced harsh assessment from the IMF's and the WB's independent evaluators (IEG, 2006; IEO, 2006). The decline of FSAPs, like the decline of ROSCs, can be attributed to their lack of popularity among national governments, especially if they are considered to provide negative market information (see Mosley, 2008). The countries being assessed in the past may have felt significant uncertainty about the quality of the assessment program, while others benefited from the close bilateral policy dialogue. As a consequence, IMF management encountered a trend whereby countries agreeing to FSAP requested that IMF staff sent on a FSAP mission should have spent only a *short* amount of time at the organization, since such staff would be more likely attuned to ideas and skills found in the ATE ecology.[14]

FSAP's key standards for financial stability reform are all externally derived from other organizations and institutions that have closer links between the FMS and ATE ecologies.[15] As such, the IMF-WB was left in the position with FSAP of having created a program that provided assessments seen as not scientifically valid, hastily prepared, often overly negative, and which imposed standards over which the coalition had no formal control. Staff from FSAP missions reported that standards such as Basel II (see below) lent their activities legitimacy.[16] Given the institutions' broader legitimacy problems following the Asian financial crisis, it is no surprise then that IMF-WB's capacity to control the policy location for financial stability reform was weak.

IV. Basel Committee and the G-30

The second case study documents how risk management has changed the nature of financial regulation and supervision and how it served to develop a policy location for understanding, promoting and safeguarding a notion of financial stability. In this case too actors within the FMS ecology have been presiding over a shift but have been doing so on the basis of much stronger and longer-term links with actors in ATE and PES. Over time, alliances on a common logic of what constitutes risk and what are appropriate standards in the regulation of financial markets emerged within FMS and ATE, with strong and ongoing legitimizing support from PES. The practice of revolving doors has enabled the 'hinges' necessary for this location to take shape.

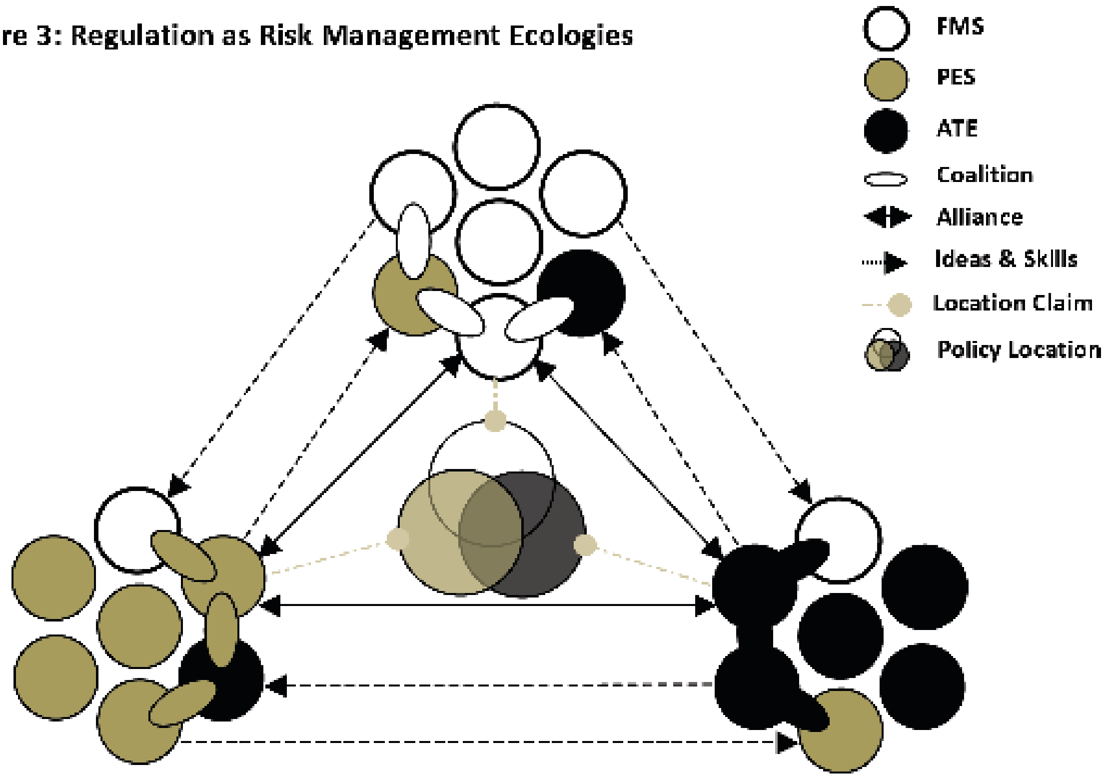
How the location materialized is best exemplified in the case of the BCBS standards on banking supervision, known as Basel II, where a policy location on what the appropriate rules for governing the activities of financial institutions and the appropriate mechanisms for generating these rules have been defined.[17] Basel II, the principal regulatory and supervisory standards for financial institutions was developed on the basis of a three-pillar framework and with the understanding that banking rules must reflect the activities, needs and sophistication of financial institutions. Pillar 1 on minimum capital requirements formally provides banks, with the approval of their supervisors, with the opportunity to self-assess their capital cushion needs on the basis of the complexity of their activities and the status of their internal risk management systems. In this context, large global financial conglomerates are subject to market-based regulatory arrangements which institutionalize risk management private sector practices, including on categorization of risks into market, credit, operational, etc and in the use of risk assessment models such as VaR.[18] Pillar 2 focuses on the supervisory review process, with supervisors evaluating banks' risk management techniques and internal procedures and instituting regular dialogue and interaction between private institutions and the public agencies. Importantly, Pillar 2 provides a structure that formalizes market-based supervision and encourages bank-by-bank risk analysis instead of broad supervisory principles and direction. Finally, Pillar 3 proposes disclosure requirements and recommendations for strengthening market discipline by focusing on transparency and allowing market participants to have access to information on risk management and measurement, and hence on the capital adequacy of an institution (BCBS, 2004).[19] The end result can be said to be Regulation as Risk Management (RRM).

In the development of Basel II, banking regulators and supervisors (FMS) appear to have pursued three key goals. In the first place, the capital requirements framework reflects private sector institutions' (ATE) risk management systems for identifying and measuring exposure to risk, acknowledging that different firms require different treatment. Secondly, Basel II set up a framework for active supervision of banks' internal practices (promoting close cooperation between FMS and ATE). Thirdly, it encouraged the efficacy of market discipline (as understood by ATE and promoted by PES), by providing guidelines for improved disclosure and transparency.

Basel II was partly the product of an extensive consultation process, indicative of the importance of consensus in this policy field and the key role of all three ecologies in terms of input and guidance (see also King and Sinclair, 2003). Significantly, the proposals first took shape in the late 1990s through a report by the Group of Thirty (G-30, 1997), a private organization that brings together thirty senior practitioners with skills across the FMS, ATE and PES ecologies in a part-think tank, part-interest group and part-club setting.[20]

In this environment, the policy principles adhered to in all three ecologies have become remarkably similar and the skills predominantly valued are those of ATE, with strong intellectual support provided by PES.[21] Working contexts such as the G-30 have helped foster this situation of broad agreement and understanding but importantly, revolving doors, a well-established practice among both junior and senior staff in all three ecologies in this policy field, makes it possible for 'hinges' and specific strategies to take hold, an provides ‘avatars’ that replicate skills and ideas developed in one ecology to take hold and define a task in another ecology. At the junior level, revolving doors can be explained in terms of considerations of remuneration versus job security but more broadly, at a more senior level, movement between the ecologies is often about prestige, influence and ‘wise men’ legitimacy.

Figure 3: Regulation as Risk Management Ecologies



The Ecologies: *FMS* - Fiscal and Monetary Systems; *PES* - Professional Economic Sciences; *ATE* - Asset Trading and Evaluation

Looking closely at the formation of the RRM strategy and eventual policy location, we can see that the diffusion of skills, the importance of keeping up with the practice and theory of financial innovation and the promotion of understanding of what is appropriate financial governance are so ingrained that the practice of revolving doors goes largely un-noticed. In the words of one official: ‘It is the relationships that are important, not people’s positions’.[22] In our analysis, therefore, individual motivations for moving between the ecologies are not at the forefront as the ‘hinges’ change how problems are defined – the ‘identity’ of the individual continues to be important with respect to their job description but ceases to matter when it comes to how he or she understands the issues and seeks to form policy alliances.

Importantly, the policy location also transcends the national/international divide – actors operating within these ecologies forge transnational ties, whereby links with counterparts abroad are both strong and relevant: large financial conglomerates share common goals with other (foreign) institutions of similar size and sophistication more so than they do with the rest of their (national) financial sector; similarly, regulators and supervisors are often closer to other members of the central banking community than they are to public bodies in their national context. Indeed, a strong impetus within FMS to ensure long-term independence from government interference has enabled and intensified the alliance between different ecologies. In practice, this has also meant that coalitions within ecologies have formed among the most 'international' actors. This has been the case within the FMS ecology, where the preferences of the Federal Reserve in the case of the United States prevailed in the adoption of Basel II over those of other regulatory and supervisory agencies; similarly, regulators and supervisors in Europe chose to set aside concerns about the desirability of the standards for the majority of European financial institutions. Within ATE, the 'internationals' also prevailed in the forging of the RRM strategy; Basel II clearly represents the preferences and interests of the largest global financial institutions as these were consistently articulated through the Institute of International Finance, the main international banking lobbying group. At the same time, members of the PES ecology were actively engaged in this process, primarily through legitimization of the principles of self-regulation and self-supervision among a well-defined academic community, international but mostly based and/or trained in the United States.

It is the case that ATE ideas and skills ('avatars') have been most prominent in the policy location, supported by PES. These have provided technical knowledge and formed the basis of a common understanding of financial stability reform. Actors in different ecologies, regardless of their formal functions, eventually came to operate with the same tools and information, rendering the distinction redundant. 'One does adhere to the mandate and mission of one's institution but one's thinking on the financial framework and the skills required changes very little'.[23]

But the strategy was also formed in a quest for authority and prestige and ultimately, a widespread belief (and ultimately trust) in the knowledge and legitimacy of those who 'make money', 'look glamorous' and command respect. The practice of revolving doors enables this at first and can reinforce it further: when regulators are aware that they are likely to become the regulated, for example, they might be more receptive to a particular type of market-friendly regulatory standard – in practical terms, an actor operating within the FMS ecology is unlikely to promote rules that would prove problematic when one goes through the revolving door into ATE. Similarly, the prestige of ATE has been a lure for members of the PES ecology, who may act as consultants or officials of financial institutions.

It is our view that we would be missing part of the story if we looked at the predominance of ATE skills and principles in terms of capture alone, however: few would have missed the high-profile revolving doors trajectory of former US Treasury Secretary Hank Paulson, for example and in these conditions, it is indeed arguably easier for an ecology (ATE) to gain ground, promote strategies and even gain authority.[24] But the main point is not to affirm whether the authority is ultimately public or private (or indeed, whether its origins are in academia) but rather, to understand practices. This extent of the acceptance of revolving doors allows us to understand how solid the location has become (and how durable the coalitions and alliances that sustain it remain) – the dominant discourse on how policies on financial stability reforms are to be debated and problems solved has taken hold and is showing great resilience, even in a time of crisis.[25]

Conclusion

This paper demonstrates the power of linked ecologies arguments through an examination of how 'revolving doors' informs financial stability reforms. We have provided a conceptual basis for understanding linked ecologies and contrasted it with established approaches. We located three professional ecologies that compete within and between themselves to capture the location of financial stability reform: Fiscal and Monetary Systems (FMS); Asset Trading and Evaluation (ATE); and Profession Economic Sciences (PES).

We found that the IMF-WB coalition from the FMS ecology called upon ties with PES and marketability to ATE to justify its use of FSAP. In practice this was unrealistic and primarily there to justify policy dialogue rather than to quantify financial soundness or financial stability. For the IMF-WB, the justification for FSAP relied too heavily on calling upon actors who have experience between PES and ATE. We also found that the IMF-WB's capacity to legitimately include PES was limited due to their organizational structures, which then means that ATE actors (and also home governments being assessed) find FSAPs less useful. This is especially the case because for the IMF to maintain links to PES, the incentive structure inside the organization was to provide sober and negative feedback (Kupiec, 2005: 78). Other than a few actors with unique skills to make links to PES and ATE (mainly senior management), the IMF-WB line on revolving doors was mainly cosmetic. Importantly, the IMF-WB FSAP program also sought to maintain financial stability reform within a national and bilateral framework. Discussion of international capital markets was discouraged in the assessments because it was too time consuming and contentious. As such, claims of best practice could not be supported from the alliance itself, since it relied on the standards and benchmarks produced by a more successful alliance found in the second case. It is important to note that the IMF-WB case, a negative case study, supports the finding of the pathologies literature within International Relations. The logic of practice ultimately reinforced the logic of command from power structures and the organizational environment. In the first, negative case our linked ecologies approach provides means to cross-test the presence of pathologies within international organizations.

In the second, positive, case the G30 and the Basel Committee effectively linked expertise from FMS and ATE (where the revolving doors phenomenon does work) and then justified it through PES. As PES also moves through revolving doors, it was able to export its ideas and skills to the FMS and ATE ecologies. As such G30-BCBS coalitions in the three ecologies were able to capture the policy location on financial stability reform, in part because they effectively transnatonalized policy through best practice standards. This justification took a particular form, including the rise of risk management and the introduction of VAR models, etc., into transnational standards that emerged from ties between ATE and PES and were accepted as legitimate by FMS. The Regulation as Risk Management policy location was a key component behind the systemic failures that led to the international financial crisis of 2007-9 (Tsingou, 2009), and persists in the definition of the parameters for reform.

Both cases investigated demonstrate how a logic of practice rather than a logic of command or appropriateness is at play. The pre-social identity of the actors within the ecologies (IMF official, for example) is less important than how the ideas and skills they employ, since relying on an assumed identity or organizational culture perspectives dissuades us from seeing why actors engage in revolving doors in the first instance, and why they seek to frame their behavior in that manner. Rather than being concerned with questions of authority or organizational culture, both of which are commonly assumed to command actors' interests and behavior, we suggest that specifying how actors located in different professional ecologies seek to battle it out over how a policy problem should be 'located' is more important. Such battles can be found within ecologies as actors form coalitions in an attempt to strengthen the prominence of their ideas and skills. They also occur between ecologies as actors form alliances in which they seek to change practices within other ecologies and form a broader consensus that can capture a policy location. Finally, linked ecologies arguments ask us to relax our assumptions about actors' identities and interests. More broadly, questions of whether authority is public or private in the creation of international standards transform into questions about how actors seek to link ideas and skills across ecologies to control a policy location as the best practice. Thinking about linked ecologies helps develop some important conceptual tools in revealing new information about how standards and policies are created, and helps us understand why and how revolving doors matter for the regulation of the world economy.

Notes

1 A logic of command conveys a better notion of what authority must be respected lest the actor be punished. A logic of practice is not to be confused with a 'logic of practicality' (Pouliot, 2008), which seeks to understand background habits that inform decision-making environments.

2 The case studies are based on a series of interviews with staff and officials at the relevant institutions. Specifically, Leonard Seabrooke conducted interviews in September-October 2008 with junior and senior staff at the IMF and WB working on the Financial Sector Assessment Program (including staff recruited from the private sector). Phone interviews were also conducted from April-June 2009 by Swati Chaudhary. On the second case Eleni Tsingou conducted interviews with public agency officials (junior and senior staff in US and UK regulatory and supervisory authorities), private sector directors and industry association representatives (especially linked to the Institute of International Finance) related to the work of the Basel Committee on Banking Supervision and the G-30 in March, September and November 2008, as well as May 2009.

3 The FSF became the Financial Stability Board in April 2009 and is set to become the key 'soft law' regulatory body within the post-crisis international financial architecture.

4 The Reports on Observance of Standards and Codes (ROSCs) are a by-product of the FSAP process and have received attention elsewhere (Mosley, 2008).

5 Senior Official at the IMF, October 2008; Senior Official at the World Bank, October, 2008; Phone interview with Senior Official at the IMF, June 2009.

6 While noting that the WB does not participate in assessments of advanced industrialized countries.

7 Senior official at the IMF, October 2008; Former FSAP team leader, October 2008.

8 Senior official at the IMF, October, 2008; phone interview with Senior IMF official, June 2009

9 Phone interview with Senior IMF official, May 2009.

10 Senior official at the IMF, October 2008.

11 Junior official at the WB, October 2008.

12 As we know now, the practices of asset evaluation and creditworthiness assessment in the ATE ecology have been seriously questioned since the credit crisis of 2007-9.

13 Junior official at the World Bank, 2008.

14 Senior official from the IMF, October 2008.

15 The banking supervision standards are derived from the Basel Committee, securities standards are drawn from the International Organization of Securities Commissions (IOSCO), insurance standards are from the International Association of Insurance Supervisors (IAIS), payments systems standards are taken from the Committee on Payments and Settlements Systems (CPSS) hosted by the BIS, and anti-money laundering and anti-terrorist financing standards come from the Financial Action Task Force (FATF) that is affiliated with the Organization for Economic Co-Operation and Development (OECD) (IEO, 2006: 90).

16 Junior staff at the WB, October 2008.

17 The Basel Committee on Banking Supervision (BCBS) comprises key supervisors of the G-10 countries (actually 12): Belgium, Canada, France, Germany, Italy, Japan, the

Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States.

18 See Power (2005) for an account on the introduction of operational risk and the underlying shift in the role of risk management in banking regulation and supervision.

19 For an overview of the Basel process and a discussion of some of the politics leading to the revised standards, see Wood (2005).

20 For an analysis of the role of the G-30 in the run-up to Basel II, see Tsingou, 2009. Comprehensive information on the group and its membership can be found at www.g30.org.

21 In understanding the process of the shift for the FMS, the literature on scientization is particularly useful – see Marcussen (2007).

22 Senior official at the Federal Reserve Board, March 2008.

23 Former senior official at the European Central Bank and G-30 member, November 2008.

24 See, in particular, Johnson (2009) who focuses on the 'flow of individuals between Wall Street and Washington', emphasizing the influence of Goldman Sachs and its alumni in US financial policy- making.

25 And this, despite some skills associated with ATE being seen as redundant or even detrimental in crisis management (observation of a former senior official of the Financial Services Authority, UK, June 2009).

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