

of political economy, voluntary coordination seems unlikely to occur unless nations strive to better understand the traditions and political interests that inform each other's current policy approaches on issues like corporate governance. Gioffi's excellent research into reform in Germany and the United States potentially informs such an understanding.

## References

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*Collateral Knowledge: Legal Reasoning in the Global Financial Markets.* By Annelise Riles. Chicago: University of Chicago Press, 2011. 312 pp. \$27.50 paper.

Reviewed by Alex Preda, King's College London

Annelise Riles's *Collateral Knowledge* straddles legal studies, science and technology studies, and cultural anthropology. It addresses a key issue in the governance of global financial markets by making ample use of anthropological techniques (ethnographic observations) as well as by combining the conceptual apparatus of legal studies with that of science and technology studies. The issue at stake here is apparently obscure: the collateral of financial transactions—that is, the securities that need to be posted by parties as guarantee that they will fulfill the obligations incurred by the transaction they enter. This apparently simple matter can become extremely complicated when one deals with an enormous number of transactions taking place simultaneously and involving mostly the same actors. Collateral also has a political dimension, which is perhaps best illustrated by the recent Greek crisis, when some countries of the European Union—and members of the euro zone—demanded material guarantees from Greece for their contributions to the bailout fund (that is, material guarantees that they will see their money back). This triggered an uproar in the media—accusations of lack of solidarity, of undermining the euro, and the like. Against this background, the issue of collateral is of great significance.

The title of the book plays on the apparently marginal or secondary character of collateral issues (which are not secondary at all), as well as on the forms of legal knowledge, negotiations, and definitional ambiguities implied by establishing and evaluating legal contracts in finance on a daily basis. The issue at stake here is given by forms of financial-legal knowledge that is apparently marginal, when in fact it is part and parcel of the knowledge infrastructure of global markets. Riles's informative book promotes at least two arguments. First, procedural agreements among financial institutions involved in exchanging collateral encouraged, if not made possible, the emergence of global financial markets. How could the involved actors have agreed to enter financial transactions across the globe in the absence of agreements about the nature and the procedures for exchanging collateral? After all, there is always the risk of defaulting on a transaction, and such a risk cannot be taken in the absence of a regulatory regime concerning the nature, type, quantity, and modalities of exchanging collateral. Second, such a regime emerged in the 1990s not through state intervention, but through agreements among financial institutions worldwide. With that, the new regulatory regime of private governance was enacted.

Of the book's five chapters, the first three discuss the knowledge-technological underpinnings of the governance regime in global markets, contrasting the role of state bureaucracies with that of private agreements among financial firms. Riles argues that legal knowledge should be seen in its mundane dimensions, as technical expertise supported by artifacts such as documents. This way of seeing legal knowledge does not privilege any particular governance regime; rather, the question is how particular groups appropriate particular forms of expertise for their agendas, thus reinforcing specific governance regimes. The fourth chapter deals directly with arguments about the superiority of the private governance of markets. The centerpiece of the chapter consists in dismantling the Hayekian critique of public financial regulation (and, by transposition, a critique of the notion that private regulation is more effective). Riles argues that the current private regulatory regime arose less as the outcome of an ideologically motivated blueprint and more as the product of financial institutions building up expertise, seizing the moment, and trying to find solutions to their own problems. Riles shows in detail that private regulation is full of uncertainties and ambiguities, that lawyers entrusted with disentangling ambiguities concerning collateral contracts struggle with definitional issues on a daily basis, and that there is nothing superior inherent to private regulation.

The last chapter of the book deals with the consequences of a situation in which states play catch-up with global private governance. Riles is skeptical about the possibility of ensuring the transparency of market regulation—a goal that, based on her definition of legal knowledge, is very hard, if not impossible, to achieve.

These arguments are empirically supported by an ethnography of a legal Japanese bureaucracy entrusted with the regulation of collateral contracts. Riles, an expert on East Asia (and on Japan in particular), has spent years talking with Japanese finance lawyers and bureaucrats, and observing their activities. Empirically, she provides a firsthand account of all the legal issues and uncertainties related to exchanges of collateral, of the definitional issues, and of the daily negotiations that make such exchanges possible. She shows a deep knowledge of both theoretical legal issues and her particular field, and argues convincingly that all social scientists interested in global financial markets should pay close attention to the latter's legal knowledge and institutions.

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*The Supportive State: Families, Government, and America's Political Ideals.* By Maxine Eichner. New York: Oxford University Press, 2010. 198 pp. \$49.95 cloth.

Reviewed by Nancy D. Polikoff, American University

University of North Carolina law professor Maxine Eichner hopes she has articulated a comprehensive theoretical basis for family policies that is realistic enough to implement. She calls it the “supportive state.” In her scheme, described in *The Supportive State: Families, Government, and America's Political Ideals*, families bear the responsibility of caring for their children, but the state is responsible for “structuring institutions in ways that help families meet their caretaking needs, and that support human development” (61). She explicitly eschews proposals that call for reconstructing society from the ground up. Political theory that seeks to do this, Eichner writes, “risks irrelevancy” (11). The American political tradition is liberalism, and she anticipates that policies will actually be realized if they derive from a liberal framework.

Eichner differentiates her strand of liberalism from that of John Rawls, whose principles of state neutrality and individual justice fail to take dependency into account. By reworking Rawls to attend to the inevitability of dependency, Eichner develops the