position themselves as “majority victims of a system supposedly designed to suit minorities” (p. 309), evoking a trope of the majority as oppressed minority that may sound familiar to observers of certain strains of contemporary right-wing U.S. politics.

Both Engel’s *Fragmented Citizens* and Ball’s *After Marriage Equality* represent significant contributions to the literature on LGBT rights and movements, and both are timely in their invitations to reflect on the meaning and implications of the same-sex marriage milestone in nuanced, critical ways. Some individual chapters in Ball’s book might be appropriate for assignment in undergraduate courses, but both of these works are complex, challenging, and theoretically sophisticated and therefore most suitable for more advanced academic readers across a range of disciplines, including sociology, political science, public policy, law, and related fields. Serious readers seeking to contextualize the marriage moment in both space and time will find ample nourishment in these rewarding texts.

**A Sociology of the Global Economy**

TERENCE C. HALLIDAY
American Bar Foundation/Northwestern University
halliday@abfn.org

In a short 15 years, international financial markets staggered from the sovereign debt crises of the early to mid-1990s (Russia, Mexico), to a regional financial crisis (Asian Financial Crisis), to a global crisis (the Great Recession brought on by the 2008 financial collapses in the United States). All this has occurred at a time when the world seemed to become more economically interdependent.

Not surprisingly, globalization of finance and trade now stands in the cross-hairs of political turmoil, public debate, scholarly reappraisal, and technocratic reexamination. Economic globalization confronts counter-currents of resistance and subversion, of regionalization and resentment, as the limits of this second great wave of global finance come seriously into question.

Mauro Guillén’s masterful book, *The Architecture of Collapse: The Global System in the 21st Century*, essentially asks how sociology can confront and illuminate intellectual and pragmatic understandings of national, regional, and global financial crises. How can we explain the strange paradox of more interdependency, yet more fragility in the global economic order? Not least, what can sociological understandings contribute to what should be done?

This compact volume, admirably expansive in its ambitions, theoretically parsimonious and crisp in its analysis, answers by elucidating an “intrinsic propensity to instability, disruption, and crisis” in the international financial system (p. 1). Guillén characterizes this state of affairs as an architecture of collapse. To the fragilities of financial architecture he brings a conceptual architecture grounded in organization and network theory.

The global economic system, argues the book, comprises nodes (states), networks (relations among states), and a system (the totality of nodes and networks). Each of these is more or less tightly coupled. Each is more or less complex. By ringing the variations on this elegant interplay of foundational concepts, all well attested in sociological literatures, he offers a bold and generative account of what is wrong in the global economic order and how it might be remedied.

Guillén builds his case initially on evidence that the global system has become more complex, using five conditions of network complexity. The number of sovereign


Contemporary Sociology 47, 3
states (nodes) in the global economy has more than quadrupled since the founding of the UN. Flows and density of goods and services across national frontiers have sharply increased since 1960. Foreign direct investment has exploded in recent decades. Migration to high-income countries has doubled since the 1960s. Burgeoning information flows have integrated communications across the world to produce much greater network complexity. But complexity in itself is not necessarily the problem. In fact, network complexity, he proposes, “can lead to shock-diffusing dynamics,” hence more robustness in the global economy’s ability to confront shocks and crises.

Correlative with network complexity, Guillén presents evidence that each individual country (as a node) has also become internally more complex in ways that might mitigate adverse effects of structural rigidities. More democracy, at least until recently, introduces welcome intricacies in socio-political organization. More social stability and predictability stem from political checks and balances in domestic politics. More extensive and sophisticated state capacities, albeit with recent declines, can cope with contextual stresses and strains. A lower rate of state failures indicates that more states have some ability to respond coherently to economic crisis. And more nodal complexity through industrial diversification provides adaptability in economic relations among states.

At the same time, coupling among nodal states has become tighter, more rigid and brittle. Tight coupling, Guillén says, can produce risk, disruption, and financial catastrophe. Guillén builds his argument on four indicators of network coupling, measured in terms of country pairs. He concludes that current account imbalances of deficits and surpluses in transactions with each other have increased in number, have become more extreme, and thereby “pose serious threats to the global economy.” He shows that trade in intermediates, for example, through intermediate goods and services or supply chains, has expanded; and when concentrated and tightly coupled, intermediates limit adaptability and thus increase vulnerabilities to disruption. These risks are compounded by just-in-time supply practices. Moreover, foreign portfolio investment, often labeled as “hot money,” is both tightly coupled and highly volatile, which can radiate shock across global networks with surprising speed. Perhaps the only lower-risk indicator of network coupling is the more than $5 trillion a day in highly liquid currency trading. Its potential dangers are mitigated by fairly well institutionalized controls.

Rigidities in network coupling can compound dangers, argues Guillén, when node coupling—that is, coupling inside countries—provides limited buffers against cross-border or systemic turbulence. The book maintains that fundamentals in many parts of the world give political elites and institutions little room for adaptive maneuver. Aging populations and a decline in fertility rates lead to insufficiencies of the young to support the old. Urbanization creates enormous problems of coordination and supply of necessities such as food and water, not to mention the costs of social dislocation and pollution. State indebtedness, especially of rich countries, has significantly increased, and heavier sovereign debt loads limit policy options and stifle private entrepreneurship. Income inequality is increasing and, in echoes of Polanyi, squeezes the middle class and affects types and rates of consumption. Wealth inequality has become extreme and thereby “ossifies social structure” and rigidifies the political economy and its adequacy of response to social and economic stresses.

When both interstate and state coupling reinforce the rigidities of the other, the world becomes more shock-diffusing—that is, the world is more vulnerable to rapid, unbuffered shocks that tightly coupled networks and nodes have limited capacities to mitigate.

Guillén compellingly advances his argument with three more focused cases that exemplify combinatory variations in his overarching theoretical design, essentially three of four cells in a two-by-two table.

In a refreshing reprise of the much analyzed 2008 Great Recession, Guillén styles this near-disaster as the conjunction of an instance where a node is complex and tightly
coupled (U.S.) and a network rapidly diffuses the pathologies of the U.S. financial system because it, too, is tightly coupled. Within the United States, he points to the familiar fragilities induced by deregulation, the leveraging of financial institutions, perverse incentives within the financial industry, moral hazards in the credit industry, the invention of new financial products whose properties are opaque to all but a few technically sophisticated insiders, pathologies of interdependency, information asymmetries, failure of political oversight, and regulatory capture. He then pivots theoretically to treat the United States and its embeddedness in a global financial network in terms of the interplay of his two key concepts—complexity, which might be adaptive in itself, but, when combined with tight coupling, can be maladaptive in its incapacities for rapid adjustment to threatening conditions. The chapter is analytically crisp and persuasive. It offers a sharp conceptual edge to explanations of worldwide financial contagion.

In a prescient move, Guillén turns to relations between the United States and China, here finding a case that instantiates complexity, yet is not tightly coupled. While he presents a fascinating and lucid discussion of reserve currencies and the dominance of the dollar, most sociologically intriguing is Guillén’s clear-minded analysis of the institutional conditions that are foundational for a robust reserve currency. This is a topic of constant discussion in the heights of global finance, such as the International Monetary Fund. Guillén concludes that the United States continues to sustain the institutional conditions for a reserve currency, whereas China is a long way from having them. Indeed, at present I would add there must be considerable skepticism that China can create such conditions without fundamental political and economic changes that are nowhere on the horizon. Parenthetically, Guillén gives a refreshing, brief account of probabilities of a China decline, a much needed corrective to the teleological hype of the twenty-first century as a China century. Oddly enough, however, Guillén swings back to conclude that the United States/China relationship may constitute a kind of new global economic G-2.

Also far-sighted is Guillén’s hard-headed critique of the Euro Zone, an empirical site that exemplifies financial relations that are complex and dangerously tightly coupled. In contrast to the European Union, which he considers complex but not tightly coupled, Guillén is very critical of the tight coupling of any monetary union, not least the Euro Zone. It was prematurely launched, he says, without economic and political foundations in place to sustain it; and its inability to handle sovereign debt crises, such as that of Greece in 2009, adds yet more evidence of its inherent instability. His summary contrast of the EU and the Euro Zone also serves as a summation of the book’s central thesis: “the EU, however complex, is a much more stable type of system than the Euro Zone. Complexity does not necessarily spell trouble. In fact, it may help nodes and actors within the nodes adjust to unforeseen shocks. Tight coupling, by contrast, can be highly problematic, even fatal” (p. 155).

Guillén’s sociology ramifies beyond global finance to touch key issues in cognate fields of sociology and beyond. While he has a high view of institutions, his book amounts to a sustained critique of institutional isomorphism, its limits and costs, as it ripples across the world. He broaches the relative merits and demerits of harmonization for governors of transnational economies, with EU regulations as a case in point. While he is no reflexive enemy of regulation, he is critical of the rigid epistemologies and practices of Euro-technocrats and, by implication, their global correlatives. In his view, they stifle innovation, reduce product differentiation, and hurt consumers. His assertion that “comprehensive rule-making is stifling” directly confronts entire industries of global lawmakers.

At the same time, the book offers an implicit advocacy for diversity, differentiation, creativity, and innovation in the global system—an opening, perhaps, for more openness by global elites and institutions for the normative value and practical necessity of creative ways of integrating innovative capacities of the global South into the rule of the global North. Guillén presents a provocative discussion of regionalization writ metaphorically—not simply by land,
but by sea—with the “reemergence of oceans as catalyzers of economic regions” (p. 181).

On a topic of this magnitude every scholar of economic global governance will have a view of what else might have made this compact book a swollen academic tome. I raise four issues that The Architecture of Collapse would need to confront for an elaborated theory and effective practice.

First, most if not all of the theoretical elements in Guillén’s theoretical apparatus are constituted by law, whether formal law or regulatory institutions (cf. Braithwaite and Drahos 2000). Very occasionally law makes an entrance, as in the discussion of institutional foundations for reserve currencies, but for the most part it is an implicit part of the story. Yet, arguably, perhaps indisputably, every element of Guillén’s conceptual armory is constituted by law—states, economic relations between and among states, and systemic relations for the global economy as a whole. So too are relations of coupling and variations in complexity.

Sociolegal scholarship and the sociology of law would productively engage Guillén in two directions. From the one side, Guillén raises direct challenges to sociolegal scholarship on the globalization, or the transnational efficacy, of law. In effect, he asks economic sociologists and sociolegal scholars of the global, is the century-long drive to worldwide harmonization and modernization of economic law misplaced? Are the global lawmakers in the United Nations, WTO, IMF and World Bank, and the regional courts deluded in their operating assumption that greater homogeneity among the laws will render financial transactions more certain and economic relations more vibrant? Will law fail to produce economic development or the alleviation of poverty or the reduction of inequality as its advocates in international financial institutions or global lawmaking bodies have proposed? More acutely, will rigidifying harmonized law stifle creativity and innovation?

That question leads to a challenge for an economic sociology of the global: should global governance of markets through law attend far more closely to the formal properties of the law itself, such that the law’s agents and users can constructively manage complexity in the global system while not locking states, networks, or the entire system into a tightly coupled legal straitjacket that precludes nimble or longer-term adaptations to changing conditions? This is a sociological response to a technical drafting issue confronted by all global lawmakers.

From another side, sociolegal scholarship would say to Guillén that the architecture of the global economy is substantially constituted by legal institutions (Perry-Kessaris 2013). These global, transnational, and national institutions press for legal orders that increase flows of trade, reduce risks, regulate deviance, moderate competition, lower tariff barriers, protect workers and the environment, and allocate responsibility for facets of trade, among much else. Global lawmakers draft treaties, create hard and soft laws, build institutions, resolve disputes, and forge agreements. Those laws themselves have more or less flexibility, room for adaptive maneuver, and capacity to handle complexity, and the institutions that administer them vary as much in robustness as those that feature in Guillén’s account. Hence any account of complexity and coupling must surely also engage with the legal glue that holds together the elements of socioeconomic architecture (Block-Lieb and Halliday 2017). Put another way, scholars of law and markets must grapple with this question: what kinds of law will cope with complexity without falling afoul of the fragilities induced by tight coupling? A rich interdisciplinary conversation can be opened up on this question.

Second, in a world where there is much talk about the diminishment of the state and the erosion of sovereignty, Guillén’s account is strongly statist. States are his central actors. Their institutions and state capacity are watchwords, such that independent central banks, divided government, democracy, and a robust state apparatus are integral to adaptive flexibility. Implicitly this is a counsel of doom, since the concurrence of all four features of state capacity excludes the great majority of the world’s nearly 200 states. Moreover, the emergence of China and Russia as counter-hegemons, states where there is likely to be in the foreseeable future an enduring absence of the first three institutions, is not promising for Guillén’s thesis.
Coupled with Guillén’s state-centricity is the relative absence in this analysis of institutions of transnational and global economic governance. The IMF appears, but its prospects as an architect of the global financial system are not thoroughly explored, and even less, the Basel banking supervisory apparatus or regional development banks or securities regulation overseen by IOSCO (International Organization of Securities Commissions). Indeed, the book concludes with recommendations for building state capacity rather than global governance institutions. Does Guillén doubt the efficacy of regional or transnational economic governance, even that with a recent provenance, most notably the Financial Stability Board? Is he disillusioned by failed adaptations of Bretton Woods and other institutions established in an earlier era? Does he feel that global system-wide efforts by international organizations to prevent or mitigate financial crises are vain in conception or implementation (cf. Halliday and Carruthers 2009)?

Finally, much recent scholarship points to the powerful regulatory and governance effects of multinational corporations—the Walmarts and Samsungs and Apples of this world. Somehow these enormously powerful players in the global economy are not thought to be of great salience to either the construction or operation of the global system. At the very least, this is a presumption worthy of critical reflection.

Nevertheless, this book gains force precisely from its sharp focus. This is a small book arguing on a grand scale, and it is all the more meritorious for delivering a forceful thesis readily accessible to cross-disciplinary and policy audiences. It is a rare feat to insert sociology into the heartland of the global economy. By covering a vast landscape, confronting one of the great public policy challenges of our time crisply, coherently, and plausibly, Guillén draws eclectic scholarly and policy audiences into thoughtful engagement about issues that take empirically based theory deep into the lives of all actors, natural and otherwise, the world over.

References

Making the Case for Financial Aid 2.0

Laura Hamilton
University of California-Merced
lhamilton2@ucmerced.edu

Policy-makers, scholars of higher education, administrators, and parents should take notice of Sara Goldrick-Rab’s Paying the Price: College Costs, Financial Aid, and the Betrayal of the American Dream. The book is a vital guide to the bureaucratic, complex, and thoroughly broken U.S. financial aid system. Written to be widely accessible, Goldrick-Rab issues a call to action that should resonate with a broad audience. After reading the book, it is difficult not to join her in pressing for a version of “Financial Aid 2.0.” At the same time, Goldrick-Rab avoids the tendency to assume that