Book Reviews

The Governance of Privacy: Policy Instruments in Global Perspective. Colin J. Bennett and Charles D. Raab. Burlington, VT: Ashgate Publishing Ltd., 2003. 257 pp. $89.95 (hardback).

Colin J. Bennett of the University of Victoria, Canada, and Charles D. Raab of the University of Edinburgh, U.K., have written an exceptional book on the global dimensions of privacy protection policy. The scholarship is superb, the writing is clear and compelling, and their analysis is an important addition to our understanding of this evolving arena of public policy.

The subject of this book is the transnational flow and protection of personal data and information. From the early 1970s through 2000, many industrialized states have created statutes to protect personal information, and a number of those states have established data protection agencies (the U.S. and several others, being exceptions). With varying success, several attempts have been made by international bodies, such as the Council of Europe, the Organisation for Economic Co-operation and Development (OECD), and the European Union (EU), to establish privacy guidelines and policy.

Bennett and Raab focus on three main subjects. First is a discussion of the goals of privacy protection, through an elaboration and critique of the prevailing paradigm for understanding privacy protection of personal information; an examination of the relationship between privacy and social equity; and finally, the emphasis on promoting trust and confidence in new technologies, especially the Internet. The second part of the book looks at privacy policy in the global context, through an examination of various transnational policy instruments, such as the Directive of Data Protection from the EU; a comparison of legal instruments; the phenomenon of self-regulation, such as codes of practice and privacy protection seals on Internet sites; and a discussion of how technologies themselves can operate as policy instruments. The third part addresses the impact of privacy policy. Of special interest is the concluding chapter, where the authors posit four possible visions of privacy protection in the future. Following up on the earlier work of one of the authors, Bennet and Raab argue that one vision is that of a surveillance society, a "race to the bottom" where there is little or no control over the collection and circulation of personal information. A second vision is that of an incoherent and fragmented patchwork of privacy protections, while a third vision

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sees a world of privacy haves and have-nots. Finally, the authors examine a "trading-up" thesis, which envisions a world of global privacy standards.

The task of achieving coherent, enforceable global privacy standards is daunting, as the authors readily admit. The competing pressures to protect against terrorism and national security threats, technological breakthroughs that grow by leaps and bounds, the fickleness of state and transnational policy makers, and the delicate interplay of social values and cultural norms—these and other factors make the task of crafting and enforcing global privacy standards that much more difficult. Given the lack of privacy standards in much of the nonindustrialized world, we probably can expect no more than a world of privacy haves and have-nots or at best an incoherent patchwork of standards and protections. In darker, possibly more realistic moments, perhaps the only plausible answer is an interconnected society under constant surveillance, where the individual living in a world of online communication and technology has lost control over personal data. Aggressive data collection by state authorities and private companies do not bode well for global protection of personal information. In the U.S., for example, one estimate is that there are over 165 private companies that sell online databases on public record information, much of which would be categorized as private and personal; and one U.S. company owns 14 billion records about people and businesses.

Whatever the future holds for the protection of personal information, *The Governance of Privacy* makes a valuable contribution. It is rich in theoretical insight, especially in its discussion of both privacy and globalization, and adds greatly to our understanding by analyzing in depth the various policy instruments that states and transnational bodies have crafted. The extensive bibliography is a testament to the thorough research and grasp of the authors; several charts and tables illuminate the text, particularly the comprehensive listing, together with their Internet address, of data protection supervisory authorities in OECD countries.

Academic specialists and graduate programs in public policy, law, and the growing field of information management will find *The Governance of Privacy* to be an important and welcome addition. It will be of great interest to those state and transnational agencies throughout the world that are grappling with the protection of personal privacy.

DENNIS W. JOHNSON, *The George Washington University*

The Politics of Economic and Monetary Union: Integration and Idiosyncrasy. Erik Jones. Lanham, MD: Rowman & Littlefield Publishers, 2002. 213 pp. $25.95 (hardback).

Political economists have analyzed the process of creating Europe's Economic and Monetary Union (EMU) exhaustively, but does an understanding of its genesis, its conception, and birth, provide an accurate guide to its operation once in place? Erik Jones' accomplished and sophisticated analysis answers this question in the negative. The paradox of his rationalist argument is that he comes to the conclusion that we cannot make rational predictions about the (detailed) distributive consequences of EMU. Yet, in what seems to be a second paradox, it is precisely this uncertainty or unpredictability that Jones believes will help monetary union to survive. Together with the sustained diversity of national institutions across Europe, this provides the foundation for Jones' guarded optimism about the future of EMU. His general conclusion depicts EMU's legitimacy problems as arising from overblown claims that it is the harbinger of a pan-European sovereign state, not from its direct impact or the political economy of adjustment it provokes.

More exactly, while Jones argues that we can deduce certain of its structural features, the detailed consequences of EMU cannot be rationally predicted. Indeed, the deductions he wants to make about its structural characteristics—that its consequences for particular countries are idiosyncratic—are precisely the reason that its detailed implications are unpredictable. The reason? Distinctive national (welfare state) institutions mean that adjustment within the single currency will be mediated differently in each member state. Thus, the distributive consequences of change are both hard to calculate and likely to be contingent on the particular situation of specific groups. Jones finds comfort for EMU in this idiosyncrasy, as it means that the construction of big coalitions for and against specific moves in monetary policy—and EMU more generally—will be hard to construct. Thus, he argues, EMU is sustainable because its politics will be pluralistic.

For all Jones' optimism, however, his analysis contains fragments that could be developed into a less sanguine prospectus for EMU. It operates, he argues, to buffer European states from the exigencies of globalization in general and globally integrated capital markets in particular. If so, might they not use this "freedom" to run up public debt (perhaps to protect unstable social bargains, rather than to finance social investments or stabilize public expenditure across the economic cycle)? Indeed, as Jones himself notes, "evidence from the first two years of EMU" suggests that several states are choosing "to ignore already excessive imbalances" (119) and hence growing public debt. The potential consequences for the conduct of monetary policy deserve more attention than is provided here. Historically, independent, inflation-fighting national central banks seem to have faced down fiscal expansions. The dynamic is likely to be different where one bank faces multiple fiscal authorities.

More strikingly, Jones notes that national solutions to Europe's pervasive unemployment problem (which he sees in terms of welfare reform [118–119]) may fail. In an argument relegated to a footnote he suggests that such failure may "undermine the legitimacy of EMU"—not, note, of national governments (121, footnote 7). In other words, even if Jones effectively debunks wilder claims that EMU will lead us down the path to an intra-European war, he himself presents reasons for concern about the legitimacy of EMU that may work against his carefully constructed case for guarded optimism.

Dig into his analysis and the "real" pressures on the scope of democratic choice concerning distribution and unemployment in welfare states seem to come from globalization (particularly at 77, 101–103, 118). It is from these pressures that EMU provides some shelter. Yet this reading of the impact of globalization on the welfare state is sharply contested. On balance the literature may suggest that "globalization" is not central to the explanation of welfare state change. If the "external" threat of globalization does not take the form that Jones implies, how might this change his evaluation of the character and impact of EMU?

Jones' prose is clear and precise, and he has a talent for providing simple, yet not simplistic, accounts of complex phenomena. Yet the issues he addresses here are sufficiently complex for the book to be best suited for very advanced undergraduates and graduate students—as well as one with which his colleagues will engage. For a relatively slim volume, this book has an impressive range. It covers technological aspects of money; the design of EMU, understood as nested sets of rules; an analysis of legitimacy rooted in distributive preferences and coalitions; likely patterns of adjustment and their political implications; the motivation for EMU, focusing on fiscal and social policies; a plausibly downbeat account of the likely international impact of the euro; an analysis of the Franco-German relationship in the context of EMU as well as other changes; and a discussion of the symbolic meaning of the euro. This is not a simple book with only one or two key chapters: each chapter develops the argument and presents new ideas. The first five or six of these chapters, in particular, build strongly on one another—resulting in an unusually sustained analysis.

For the most part, political scientists have relied on second-hand economic analysis to guide our understanding of how EMU would work, once created. Particularly in the third chapter Jones successfully integrates economic and political theory, in a rare synthesis which insists that the latter is as essential as the former. One of the most compelling features of this chapter—and the work as a whole—is Jones' historicization of economic theories (62–76). Through this analysis he shows that apparently timeless theories are actually contingent on their context, yet their treatment as eternal and positive truths has led to widespread misleading applications outside of the context for which they were created. For all that I am not yet convinced of the lessons Jones draws from his revisionist account of economic theory—and particularly its use to dismiss "democratic deficit" arguments about EMU—this is an important contribution. It is the mark of a substantial scholarly work—especially one that integrates theory and empirical analysis—that it provokes, reacts, and changes the terms of debate. For all that I have raised questions about his arguments here, that is what Jones has done for analysis of EMU—indeed European integration more generally.

DANIEL WINCOTT, *The University of Birmingham*

Retiring the State: The Politics of Pension Privatization in Latin America and Beyond. Raul L. Madrid. Stanford, CA: Stanford University Press, 2003. 368 pp. $27.95 (paperback), $65.00 (hardcover).

From 1981 through 2003 a dozen countries in Latin America approved structural pension reforms that totally or partially privatized social security, prompting the author of this excellent book to affirm: "Never in the history of social security has so much change taken place in such a short period of time" (13). There is an extensive and growing literature on the politics of market-oriented reforms, but most of it involves case studies and has not developed a coherent set of variables to explain its determinants. Madrid accomplishes that task by avoiding previous shortcomings: (1) focusing on pension privatization rather than market-oriented reforms as a whole, which allows for the identification and assessment of specific causes, and (2) combining case studies (based on field research and numerous interviews) to construct preliminary hypotheses and testing them through statistical analysis and qualitative surveys in Latin America and Eastern Europe (rather than in the traditional welfare states of industrialized countries).

The two key questions addressed in this book are: why privatization became so widespread in the 1990s and why some nations embraced it and others not. Madrid argues that pension reforms are not mainly driven by economic crisis, social concerns, interest groups, or the nature of political institutions but by three sets of economic–ideological–political variables: (1) macroeconomic goals, such as boosting domestic saving rates and reducing long-term liabilities, (2) ideological mechanisms, such as regional diffusion of the pioneering Chilean model, the expanding influence of the World Bank, and the rise of liberal economists to top social security policy-making positions, and (3) the executive's degree of control of the majority or near-majority of the legislature. Madrid demonstrates a deep knowledge of the literature; uses a sophisticated methodology; treats the subject in a comprehensive, comparative, systematic, and analytical manner; and arrives at reasonable conclusions based on solid evidence.

Chapter 2 analyzes the explicatory variables of pension privatization. Chapters 3 through 5 are case studies selected because of their different types of reform and politics: Mexico fully privatized its pension program and its powerful executive obtained the reform approved by the legislature without major changes; Argentina adopted a mixed approach (combining public-basic and private-complementary pension programs) and its government was forced to alter the original proposal through political