

## Sociology 330: Law, Markets and Globalization; Winter 2012

Professor Bruce Carruthers. Office: 1808 Chicago Ave., #203, Evanston Campus; 847-467-1251; [b-carruthers@northwestern.edu](mailto:b-carruthers@northwestern.edu). Office hours: Monday 3-5 pm or by appointment.

This course examines law in the context of recent trends which have increasingly integrated the world's social and economic systems. Globalization means greater interdependence and less national autonomy. It occurs as international flows of capital, goods, services, and people increase. Transactions, interactions and relationships that formerly occurred within national boundaries now occur across them. But transactions and relationships involving capital, goods, services and people are not self-sustaining. Rather, they are supported and regulated by an institutional foundation that typically centers on the legal system. As part of globalization, particular legal and institutional forms are also spreading throughout the world. Because the legal and institutional frameworks that support these transactions exist primarily at the level of the nation-state, a governance mismatch has emerged. Globalization means that more is going on between national jurisdictions than within them, and tensions arise between competing institutional models. Thus, globalization motivates both an extension of legal systems (into the international interstices), and a confrontation between different legal systems that can be resolved conflictually (one model replaces the other) or concordantly (e.g., legal harmonization). Either outcome leads to institutional convergence. We consider a number of different kinds of law but focus especially on commercial law, quasi-legal trade agreements (e.g., WTO), and commercially-relevant quasi-legal institutions (ADR). We pay attention to legal developments in developing and transitional economies, and also consider how the international community deals with a significant common problem like global climate change.

### **Seminar Preparation**

All participants are expected to have done the required readings for every class, and be prepared to discuss them. We will begin each class session with a short informal discussion of news items and current events relevant to the course themes.

### **Seminar Requirements**

Students will be required to: 1. participate in class discussion; 2. lead discussion in one class session; 3. write a 2 page (maximum) paper proposal due Feb 8; 4. write a final paper on a topic of their own choosing (subject to my approval). The final paper is due at noon, Monday March 12 (maximum length [not including references]: 12 pages or 3000 words). You will receive further instructions later in the quarter. General participation is worth 20%, discussion leadership is worth 20%, and the final paper is worth 60%.

### **Leading Seminar Discussion**

When leading discussion, you will have to summarize the readings and then pose a set of key questions for discussion. These questions will have to be emailed to the rest of the class (including me) the day before class, so we all have a chance to ruminate on them. After the class is underway, we'll figure out who is responsible for what, and when.

### **Books (available at Norris)**

John Braithwaite and Peter Drahos. Global Business Regulation. Cambridge: Cambridge University Press. 2000.

Robert Gilpin, The Challenge of Global Capitalism: The World Economy in the 21<sup>st</sup> Century. Princeton: Princeton University Press. 2000.

Kate O'Neill. The Environment and International Relations. Cambridge: Cambridge University Press. 2009.

### **Week 1 Introduction to Globalization: what is it? How long has it been going on? (No student leads discussion the first week)**

Robert Gilpin, The Challenge of Global Capitalism: The World Economy in the 21<sup>st</sup> Century. Introduction, Chapters 1, 5, 9, 10, 11

Robert C. Feenstra, "Integration of Trade and Disintegration of Production in the Global Economy," Journal of Economic Perspectives, Vol. 12, No. 4. (Autumn, 1998), pp. 31-50. Available on JSTOR (via NU library electronic resources).

Maurice Obstfeld. "The Global Capital Market: Benefactor or Menace?" Journal of Economic Perspectives 12 (4): 9-30. 1998. JSTOR.

### **Week 3 Globalization of Law**

Katharina Pistor. 2002. "The Standardization of Law and its Effect on Developing Economies." American Journal of Comparative Law 50: 97-130. JSTOR.

Jeswald W Salacuse. 2000. "From Developing Countries to Emerging Markets: The Legal Challenges of Economic Change," International and Comparative Corporate Law Journal 2(3): 277-295. On blackboard.

Braithwaite and Drahos, Global Business Regulation, Ch 7 (Property and Contract), Ch 8 (Financial Regulation), Ch 9 (Corporations and Securities)

### **Week 4 Socio-Legal Theories of Globalization**

Braithwaite and Drahos. Global Business Regulation. Chapters 1-6, 23-26

David Nelken, "Towards a Sociology of Legal Adaption," in Adapting Legal Cultures. David Nelken and Johannes Feest eds. Oxford: Hart Publishing. 2001. On Blackboard.

Randall Collins. 1980. "Weber's Last Theory of Capitalism: A Systematization," American Sociological Review, 45(6): 925-942. JSTOR.

Stewart Macaulay. 1963. "Non-Contractual Relations in Business: A Preliminary Study," American Sociological Review 28: 55-67. JSTOR.

### **Week 5 Institutions, Legal Institutions and Globalization**

John W. Meyer, Brian Rowan. 1977. "Institutionalized Organizations: Formal Structure as Myth and Ceremony," American Journal of Sociology, 83(2): 340-363. JSTOR.

Paul J. DiMaggio, Walter W. Powell. 1983. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields," American Sociological Review, 48(2): 147-160. JSTOR.

Elizabeth Heger Boyle and John Meyer. "Modern Law as a Secularized and Global Model: Implications for the Sociology of Law," 49. *Soziale Welt*, 1998. 275-294. On Blackboard.

Douglass C. North. 1991. "Institutions," Journal of Economic Perspectives, 5(1): 97-112. JSTOR.

#### **Recommended**

David John Frank. 1997. "Science, Nature, and the Globalization of the Environment, 1870-1990," Social Forces, 76( 2): 409-435. On JSTOR.

Andrei Shleifer, Robert W. Vishny. 1997. "A Survey of Corporate Governance," Journal of Finance, 52(2): 737-783. On JSTOR.

### **Week 6 Agents of Globalization**

John Braithwaite and Peter Drahos. Global Business Regulation. Chapters Ch 20, 21, 22.

Sarah Babb and Bruce Carruthers. 2008. "Conditionality: Forms, Function, and History," Annual Review of Law and Social Science 4: 13-29. On blackboard.

Carothers, Thomas, "Promoting the Rule of Law Abroad: The Problem of Knowledge," Carnegie Endowment for International Peace Working Paper #34, 2003. On blackboard.

David Vogel. 2008. "Private Global Business Regulation," Annual Review of Political Science 11: 261-82. On blackboard.

Sean M. Flanagan. 2001. "The Rise of a Trade Association: Group Interactions within the International Swaps and Derivatives Association," Harvard Negotiation Law Review 6: 211-264. On blackboard.

### **Week 7 Law, Economic Development, and Legal Transplants**

Brian Z. Tamanaha. 1995. "The Lessons of Law-and-Development Studies," The American Journal of International Law 89: 470-86. JSTOR.

Daniel Berkowitz, Katharina Pistor, and Jean-Francois Richard. 2003. "Économic Development, Legality, and the Transplant Effect," European Economic Review 47: 165-195. On blackboard

Katharina Pistor, Yoram Keinan, Jan Kleinhesiterkamp, and Mark West. 2002. "The Evolution of Corporate Law: A Cross-Country Comparison," University of Pennsylvania Journal of International Economic Law 23(4), on blackboard.

John Hewko. "Foreign Direct Investment: Does the Rule of Law Matter?" Carnegie Endowment for International Peace Working Paper #26, 2002. on blackboard.

### **Week 8 Law and globalization in East Asia and the Transition Economies**

Tom Ginsburg. 2000. "Does Law Matter for Economic Development? Evidence from East Asia," Law and Society Review, 34(3): 829-856. on blackboard

Minxin Pei. 2001. "Does Legal Reform Protect Economic Transactions? Commercial Disputes in China," In Peter Murrell ed. Assessing the Value of Law in Transition Economies. Ann Arbor: University of Michigan Press. 2001. On blackboard.

Catherine Walsh. 2000, "The 'law' in Law and Development," Law in Transition Autumn 2000, pp.7-13. on class blackboard.

Alena Ledeneva. 2008. "*Blat* and *Guanxi*: Informal Practices in Russia and China," Comparative Studies in Society and History 50(1): 118-144. On blackboard.

### **Recommended**

Evans, P. 1998. "Transferrable Lessons? Re-Examining the Institutional Prerequisites of East Asian Developmental Policies," Journal of Development Studies 34/6: 66-85.

Yves Dezalay and Bryant Garth. The Internationalization of Palace Wars: Lawyers, Economists, and the Contest to Transform Latin American States. Chicago: University of Chicago Press. 2002. Chapters 12, 13.

Erik Berglof and Patrick Bolton. 2002. "The Great Divide and Beyond: Financial

Architecture in Transition,” Journal of Economic Perspectives 16(1): 77-100. On JSTOR.

Katharina Pistor, Martin Raiser, and Stanislaw Gelfer. 2000. “Law and Finance in Transition Economies,” Economics of Transition 8: 325-368.

### **Week 9 Globalization and the Environment**

Kate O’Neill, The Environment and International Relations. Entire book.

Barbier, Edward. 2011. “Pricing Nature,” Annual Review of Resource Economics 3: 337-353. On blackboard.

Coria, Jessica and Thomas Sterner. 2011. “Natural Resource Management: Challenges and Policy Options,” Annual Review of Resource Economics 3: 203-230. On blackboard.

Jenkins, David. 2003. “Atlantic Salmon, Endangered Species, and the Failure of Environmental Policies,” Comparative Studies in Society and History 45(4): 843-872. on blackboard.

Ostrom, Elinor. 2000. “Collective Action and the Evolution of Social Norms,” Journal of Economic Perspectives 14(3): 137-158. on blackboard.

### **Recommended**

Schneiberg, Marc and Tim Bartley. 2008. “Organizations, Regulation, and Economic Behavior: Regulatory Dynamics and Forms from the Nineteenth to the Twenty-First Century,” Annual Review of Law and Social Science 4: 31-61.

McEvoy, Arthur F. 1983. “Law, Public Policy, and Industrialization in the California Fisheries, 1900-1925,” Business History Review 57(4): 494-521.

Ostrom, Elinor. 1999. “Coping with Tragedies of the Commons,” Annual Review of Political Science 2: 493-535.