

# Political Science 490/Sociology 476: Global Capitalism & Law

Spring 2018  
Mondays 1-3:50pm  
Parkes Hall 222

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## Course Overview

Globalization entails 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. As part of globalization, legal forms and institutions are also spreading throughout the world. Transactions 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. Because the 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. The substantive focus of this seminar is this intersection between globalizing markets and (predominately, but not exclusively) national legal forms and institutions. We will read work by sociologists, political scientists, economists, and lawyers addressing a range of issues related to the interaction between markets and legal systems.

## Course Requirements and Grading

Active and thoughtful engagement with the material is essential to success in this course. There are four ways in which we assess your engagement with and mastery of the course material.

- (1) *Participation* in the course discussion will account for **25%** of your final grade. We expect that you will attend all seminar meetings and will be well prepared to contribute to the conversation.
- (2) All students are required to serve as the *author's defendant* in one course meeting. During the week in which you have been assigned the role of author's defendant, you will be stepping into the shoes of an author of one of the readings assigned for that seminar meeting; you will be responsible for presenting the main arguments and evidence in the reading and will be expected to be prepared to respond to tough questions about the reading that are raised the other members of the group. Your performance as author's defendant will account for **10%** of your grade.

- (3) Each student will write two *critical memos* that outlines the main argument(s) in one or a set of readings and provides an incisive critique of the material. The critical memos should be submitted via email to the instructors no later than **8 PM** the evening before the meeting in which the reading(s) appear. The memos should be in the range of 3-5 pages. The critical memos account for **25%** of the final course grade.
- (4) For the remaining **40%** of your course grade you will submit a 15-20 page research proposal that outlines a puzzle that falls within the purview of the class, situates the puzzle in the relevant literature, develops a theoretical argument and observable implications, and sketches how you plan to conduct the research necessary to shed light on the puzzle (what kind of research design will allow you to answer the motivating question?). A one-page topic preview will be due **May 7**.

The due date for the final paper is **Tuesday, June 12**. We should have the paper in our hands by **5:00 PM** on that day. Papers submitted after the deadline will be penalized by a half grade (from a B+ to a B, for example) for each 12-hour period that passes after the announced deadline. Barring unusual and challenging personal circumstances, we expect that all students in the course will complete the requirements on time.

## Course Schedule and Reading List

Week 1 (Tuesday, April 3): who writes the rules of global economic governance? Note the special Tuesday meeting time.

Dani Rodrik, *The Globalization Paradox* (New York: W.W. Norton, 2011), entire book.

Week 2 (April 9): law as precondition for the emergence and expansion of markets

David Trubek, "Max Weber on Law and the Rise of Capitalism," *Wisconsin Law Review* 3 (1972): pp. 720-753.

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

Katharina Pistor et al., "Legal institutionalism: Capitalism and the constitutive role of law," *Comparative Economic Studies* 45, 1 (2017): pp. 188-200.

Richard Swedberg, "The Case for an Economic Sociology of Law," *Theory and Society* 32 (2003): pp. 1-37.

Week 3 (April 16): social preconditions for markets

Karl Polanyi, *The Great Transformation* (Boston: Beacon, 1957), pp. 130-162.

Mark Granovetter, "Economic action and social structure: The problem of embeddedness," *American Journal of Sociology* 91, 3 (1985): pp. 481-510.

Stewart Macauley, "Non-contractual relations in business," *American Sociological Review* 28, 1 (1963): 55-67.

Avner Greif and Guido Tabellini, "The Clan and the Corporation: Sustaining Cooperation in China and Europe," *Journal of Comparative Economics* 45, 1 (2017): pp. 1-35.

Barak D. Richman, "How Community Institutions Create Economic Advantage: Jewish Diamond Merchants in New York," *Law and Social Inquiry* 31, 2 (2006): pp. 383-420.

Week 4 (April 23): property law and property rights

Gary D. Libecap, "The Assignment of Property Rights on the Western Frontier: Lessons for Contemporary Environmental and Resource Policy," *Journal of Economic History* 67, 2 (2007): pp. 257-291.

David Kennedy, "Some Caution About Property Rights as a Recipe for Economic Development," *Accounting, Economics and Law* 1, 1 (2011): pp. 1-62.

Jordan Gans-Morse, "Demand for Law and the Security of Property Rights: The Case of Post-Soviet Russia," *American Political Science Review* 111, 2 (2017): pp. 338-359.

Shobita Parthasarathy, "Whose knowledge? What values? The comparative politics of patenting life forms in the United States and Europe," *Policy Sciences* 44, 3 (2011): pp. 267-288.

Diana Rhoten and Walter W. Powell, "The Frontiers of Intellectual Property," *Annual Review of Law and Social Science* 3 (2007): pp. 345-373.

#### Week 5 (April 30): market governance by contract: the case of the sovereign debt market

Mark Suchman, "The Contract as Social Artifact," *Law & Society Review* 37, 1 (2003): pp. 91-142.

Stephen Choi, Mitu Gulati, and Robert E. Scott, "The Black Hole Problem in Commercial Boilerplate," *Duke Law Journal* 67, 1 (2017): pp. 1-77.

Anna Gelpern, Mitu Gulati, and Jeromin Zettelmeyer, "If Boilerplate Could Talk" (2017).

#### Week 6 (May 7): financialization and problems of governing markets

Bruce G. Carruthers, "Financialization and the institutional foundations of the new capitalism," *Socio-Economic Review* 13, 2 (2011): 379-398.

Russell J. Funk and Daniel Hirschman, "Derivatives and Deregulation: Financial Innovation and the Demise of Glass-Steagall," *Administrative Science Quarterly* 59, 4 (2014): 669-704.

Pierre-Hugues Verdier, "The Political Economy of International Financial Regulation," *Indiana Law Journal* 88 (2011): pp. 1405-1474.

Katharina Pistor, "A legal theory of finance," *Journal of Comparative Economics* 41 (2013): pp. 315-330.

#### Week 7 (May 14): ratings and rankings as tools of market governance

Bruce G. Carruthers, "From uncertainty toward risk: the case of credit ratings," *Socio-Economic Review* 11, 3 (2013): pp. 525-551.

Rawi Abdelal and Mark Blyth, "Just who put you in charge? We did: CRAs and the Politics of Ratings," in Alexander Cooley and Jack Snyder, eds. *Ranking the World: Grading States as a Tool of Global Governance* (Cambridge University Press, 2015), pp. 39-59.

Marion Fourcade, "State Metrology: The Rating of Sovereigns and the Judgment of Nations," in Kimberly J. Morgan and Ann Shola Orloff, eds., *The Many Hands of the State* (New York: Cambridge University Press, 2017), pp. 103-30.

Akos Rona-Tas, "The Off-Label Use of Consumer Credit Ratings," *Historical Social Research* 42, 1 (2017): pp. 52-76.

Week 8 (May 21): taxing wealth and profits in an era of global capital mobility

Annete Alstadsaeter, Niels Johannesen, and Gabriel Zucman, "Who Owns the Wealth in Tax Havens? Macro Evidence and Implications for Global Inequality," *Journal of Public Economics* (forthcoming 2018).

Brooke Harrington, "Trust and Estate Planning: The Emergence of a Profession and Its Contribution to Socioeconomic Inequality," *Sociological Forum* 27, 4 (2012): pp. 825-846.

Alexander Cooley and J.C. Sharman, "Transnational Corruption and the Globalized Individual," *Perspectives on Politics* 15, 3 (2017): 732-753.

Vincent Arel-Bundock, "The Unintended Consequences of Bilateralism: Treaty Shopping and International Tax Policy," *International Organization* 71, 2 (2017): pp. 349-371.

MAY 28: MEMORIAL DAY HOLIDAY, NO MEETING

Week 9 (June 4): labor rights and regulation in a world of globalized production

Richard M. Locke, *The Promise and Limits of Private Power: Promoting Labor Standards in a Global Economy* (New York: Cambridge University Press, 2013).

Tim Bartley, "Institutional Emergence in an Era of Globalization: The Rise of Transnational Private Regulation of Labor and Environmental Conditions," *American Journal of Sociology* 113, 2 (2007): pp. 297-351.