

**UNIVERSITY OF PENNSYLVANIA
WHARTON SCHOOL
DEPARTMENT OF LEGAL STUDIES AND BUSINESS ETHICS
SPRING TERM 2019
LGST 219 SYLLABUS
MW 1:30-3:00PM
LAW AND POLICY IN INTERNATIONAL BUSINESS**

Monday-Wednesday 1:30-3:00, JMHH G86

Professor: David Zaring

Office: 662 Jon M. Huntsman Hall

Office Hours: Monday: 3:00-4:30

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Subject:

This class covers legal issues confronting international business, with an emphasis on global financial regulation, international trade, and investment law. No previous legal studies or Wharton classes are needed.

Instructor:

Here is my bio:

David Zaring is Associate Professor in the Legal Studies and Business Ethics Department at the Wharton School. He writes at the intersection of financial regulation, international law, and domestic administration. He has written over forty articles, including publications in the Chicago, Cornell, Michigan, NYU, and Virginia law reviews, and a number of international law journals. In addition to teaching at Wharton, he has previously taught at the Bucerius, Cambridge, Penn, Vanderbilt, and Washington & Lee law schools. He has consulted for the World Bank, for financial regulators on three continents, has testified on financial regulation before Congress, and has written an occasional column on the subject for the New York Times/DealBook.

Course Format:

The course combines lecture, Socratic dialogue, and group discussion. Active class participation is expected. No laptops are permitted.

Readings:

The readings will be available on Canvas, there is no textbook for the class; I may add and subtract from them over the semester, and will occasionally add a handout or two to the mix.

Grading:

- Midterm 1 – 25%
- Midterm 2 – 25%
- Final Exam – 25%
- Negotiation exercise – 10%
- Class participation – 15%

Schedule:

I intend to cover one topic per class, but we will adjust if time requires it or digressions are appropriate. You should accordingly read the next assignment for the next class, even if we haven't exhausted all discussion of the current one.

Introduction to International Economic Law

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| Jan 16 | Class Overview International Law in class exercise Introduction Memo Air Services Agreement Case |
| Jan 23 | Policing International Transactions Through Domestic Agencies Case: SEC v. Goldman Sachs |
| Jan 28 | “Soft” International Law: the Case of Business and Human Rights The Extractive Industries Technology Initiative Standard, excerpts. John Ruggie, <i>UN Guiding Principles for Business & Human Rights Report of the Special Representative on The Issue Of Human Rights and Transnational Corporations and Other Business Enterprises</i> |
| Jan 30 | No class. Niall Ferguson, Planet Finance, episode 4 of The Ascent of Money, on your own, http://www.pbs.org/wnet/ascentofmoney/featured/the-ascent-of-money-episode-4-planet-finance/102/ . |

Trade Institutions

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| Feb 4 | Dispute Resolution Introduction to Trade Memo |
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WTO, *The GATT Years, Settling Disputes: A Unique Contribution, Settling Disputes: Case Study – The Timetable In Practice*
The U.S. – Gasoline Case
The Japan-Film Case

- Feb 6 Most Favored Nation
 The *Spanish Coffee* Case
 The *Japan-SPF Lumber* Case
 The *Canada-Autopact* Case
- Feb 11 National Treatment
 WTO, *National Treatment Overview*
 The *Korea Beef* Case
 The *Japan Alcohol* Case
- Feb 13 Exceptions: Article XX Chapeau
 WTO, Article XX Overview
 The *Shrimp-Turtle* Case
 Summary of The *Shrimp-Turtle* Compliance Case
- Feb 18 Exceptions: Article XX Health & Safety
 Case: Food Fight: The US, Europe, and Trade in Hormone-Treated Beef
 Brandon J. Murrill , *The “National Security Exception” and the World Trade Organization*
 National Security Memo
 The Broadcom Case
- Feb 20 Regional FTAs and the USCMA
 Case: Renegotiating NAFTA
- Feb 25 Midterm 1

International Financial Regulation

- Feb 27 Financial Stability: Overview & History
 Introduction to Financial Regulation Memo
 Thomas Oatley, *The Dilemmas of International Financial Regulation*
 Pierre-Huges Verdier, *The Political Economy of International Financial Regulation*
- March 2-10 Spring Break-No Class
- March 11 Capital Adequacy I
 Bank Capital Structure: A Primer
 Capital Adequacy Exercises

- March 13 Capital Adequacy II
 Basel III: An Evaluation of New Banking Regulations
 William Dudley, Speech, *Global Financial Stability - the Road Ahead*
 (2014).
- March 18 Stress Tests
 Case: The Financial Crisis: Timothy Geithner and the Stress Tests
 Case: Stress Tests [in Europe]
 Mehrsa Baradaran, *Regulation By Hypothetical*
 .
 Stress test exercise
- March 20 The Emerging Law of International Financial Regulation
 David Zaring, *Finding Legal Principle in Global Financial Regulation*
 Caroline Bradley, *Cross-Border Financial Regulation*, 10-18
- March 25 Managers and International Financial Regulation
 Case: Hire-Wire Act: Credit Suisse and Contingent Capital
- March 27 Sovereign Wealth Funds
 Case: Sovereign Wealth Funds: Barbarians at the Gate or White Knights
 of Globalization
 Victor Fleischer, *Should We Tax Sovereign Wealth Funds?*
 In-class exercise
- Apr 1 EU Financial Regulation As Union
 House of Lords, *The Post-Crisis EU Financial Regulatory Framework:
 Do The Pieces Fit?*
 European Commission, *Towards the completion of the Banking Union*
 Background (skim):
 Eilis Ferran, *European Banking Union and the EU Single Financial
 Market: more differentiated integration, or disintegration?*
 Niamh Moloney, *‘Capital Markets Union: “ever closer union” for the EU
 financial system?’*
- Apr 3 Exiting EU Financial Regulation
 European Commission, *Solvency II Equivalence Determination*,
 Paragraphs 1-4, 10-end,
 Lucia Quaglia, *The Politics of ‘Third Country Equivalence’ in Post-Crisis
 Financial Services Regulation in the European Union* (2015)
- Apr 8 Midterm 2

Protecting Foreign Investment

- Apr 10 Bilateral Investment Treaties

Introduction to Investment Law Memo
HBS Note, *Protecting Foreign Investors*
2012 US Model Bilateral Investment Treaty
The *Metalclad* Case

- Apr 15 Foreign Investment: Ethics
Case: The Octopus and the Generals: The United Fruit Company in Guatemala
- Apr 17 Project Finance
World Bank, *Project Finance Key Concepts*
- Apr 22 Project Finance: Drafting – No Class, drafts due April. 18 @ 5:00 pm
Negotiation Exercise: H2O4U v. Pluritania
- Apr 24 Sovereign Debt
Republic of Argentina v. NML Capital, Ltd.
Diane Desierto, *The Global Reach of Creditor Execution on Sovereign Assets*

Special Topics in the Regulation of International Business

- Apr 29 Extraterritoriality
Bradley, *Issues In Transnational Investment in Securities*
Morrison v. National Bank of Australia, 561 U.S. 247 (2010).
- May 1 Foreign Corrupt Practices
United States v. Esquenazi, 752 F.3d 912 (11th Cir. 2014)
Case: JPMorgan: Hiring Princelings Becomes a Royal Pain

Final Exam (midterm 3)