LAW, LAWYERS AND LEGITIMACY IN THE CONSTRUCTION OF GLOBAL CORPORATE CAPITALISM

Sol Picciotto
Emeritus Professor, Lancaster University
Scientific Director, Oñati International Institute for the Sociology of Law

SUMMARY

The law and lawyers have played a key part in creating the concepts and institutional forms of corporate capitalism in the past century and a half. Legalization has been playing an equally central role especially in the recent decades in forming the institutions of the new global governance. This paper is based on the final chapter of my forthcoming book, *Regulating Global Corporate Capitalism* (Cambridge University Press, April 2011), and it evaluates some of the main theories and debates about this role of law, and put forward my own perspective, in the light of the accounts and analyses expounded at greater length in the book.

The general argument is that what has been constructed is a corporatist economy, in which highly socialized systems of economic activity are managed in forms which allow private control and appropriation, yet are very different from those of the `market economy’ envisaged by classical liberal philosophy and political economy. Although the state and the economy appear as separate spheres, they are intricately interrelated in many ways, especially in the definition and allocation of property rights, and in extensive state support and interventions determining investment and profit rates. Working at the interface of the public and private in mediating social action and conflict, lawyers have played a key role in constructing corporatist capitalism, and are central to its governance and legitimation. This is also due to lawyers’ techniques and practices of formulating and interpreting concepts and norms which are inherently malleable and indeterminate, which provide the flexibility to manage the complex interactions of private and public. These techniques and the lawyers who deploy them have also been central both to the construction of the classical liberal system of interdependent states, and its gradual fragmentation and the transition to networked regulation and global governance.
The law and lawyers have played a key part in creating the concepts and institutional forms of corporate capitalism in the past century and a half. Legalization has been playing an equally central role especially in the recent decades in forming the institutions of the new global governance. This paper will evaluate some of the main theories and debates about this role of law, and put forward my own perspective, in the light of the accounts and analyses expounded at greater length in my book.

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1. Globalization and Legalization

1.1 Perspectives on the Role of Law

The role of law and lawyers in global governance has been analyzed in very different ways. One influential group of American commentators has discussed the legalization of world politics from an essentially Weberian perspective, which sees law as providing predictability and certainty through a framework of clear rules regarded as binding (Goldstein et al. 2001). They assess the extent of legalization along a spectrum according to three criteria: being based on rules which are regarded as binding, which are precise, and the interpretation of which has been delegated to a third party adjudicator (Abbott et al. 2000: 404-6). This has been criticized as taking a narrow view of law (Finnemore and Toope 2001), and it has been pointed out that there is a need to take account of divergent views of the epistemic relevance of legalization, and to re-frame the debate to include processes of ‘complex legalization’, involving a wider range of participants (Brütsch and Lehmkuhl 2007: 3, 21-27).

Interestingly, these three proposed characteristics of formal legality are rarely found in combination. In particular, rules which are considered binding are often not precise. Formal obligations, especially in international law, are usually expressed in abstract terms, establishing general principles for the long-term, and aiming for wide acceptance. Hence, provisions in formally binding multilateral treaties are often indeterminate and open to interpretation. We have seen many such examples, in virtually every section of each chapter in this book. In particular, chapter 8 showed in detail the extensive scope for interpretation
inherent in the rules of the WTO treaties, although they are both formally binding and subject to third party adjudication. Such indeterminacy is hard to square with the view that states enter into treaties to provide ‘credible commitments’ through clear rules ensuring predictable conduct.

Sometimes ambiguity is the result of compromises during negotiations, resulting in a text attempting to accommodate contending viewpoints. One example of this is the provision (discussed in chapter 9.2.5.1) in the IT-PGRFA prohibiting the claiming of IPRs on material derived from plant genetic resources ‘in the form received’. Equally, the WTO agreements, as we have seen in chapter 8, include many provisions which raise issues of interpretation which were known to be highly contestable, and indeed were being contested, in the period when the texts were negotiated and agreed. A number of the key disputes pursued under the WTO were continuations or replays of disputes already raised under the GATT: for example concerning food safety, corporate taxation, or compulsory licensing of patents. Far from taking the opportunity to resolve such issues in the political context of the Uruguay Round negotiations and embody agreed outcomes in an unambiguous text, the negotiators often settled for general formulations which they must have known would frame future battles.

In addition, very frequently indeterminacy comes from both the nature of liberal legality itself, and the inherent ambiguity of language (Picciotto 2007a). Liberal legal rules are normally expressed in general and abstract terms, aiming to encompass a range of future possibilities. Hence, they are inherently open to interpretation. For example, the non-discrimination principles of NT and MFN which are central in international economic law, and form the core obligations in both trade and investment treaties, do not establish clear bright-line obligations, but principles expressed in general terms. Furthermore, being normative in character, they invite contending teleological interpretation by protagonists seeking justification for their preferred version. Hence, rather than providing a clear and precise basis on which parties affected can plan their activities, they generally create a field in which such parties pursue their conflicting and competing strategies mediated by contending interpretations of the rules. Thus, to adapt Clausewitz’ famous aphorism, legalization is a continuation of politics by other means.

Furthermore, the view that 'hard' law provides precise rules, while quasi-legal 'soft' law is more vague or imprecise, does not stand up to examination. For example, financial market regulations discussed in chapter 7, whether developed by private bodies such as the ISDA or public ones such as the BCBS, are as detailed as any legislation, but they are formally 'soft' law. On the other hand, from the formalist viewpoint, the WTO agreements rate highly as exemplars of legalization, since they lay down an enormous quantity of formally binding rules, the interpretation of which has been delegated to the WTO’s Appellate Body (AB) as an adjudicator. Yet as we have seen, the suggestion that WTO rules are precise and unambiguous is highly dubious. They rely on abstract principles which necessarily leave scope for interpretation, often involving a ‘balancing’ of the non-discrimination obligations against permitted exceptions. The WTO’s Appellate Body has itself described the key term ‘like products’ as an elastic concept (chapter 8.3.2.2).

Conversely, even in regimes which are considered formally non-binding, a wide range of enforcement and compliance monitoring arrangements may be established, including third-
Furthermore, soft and hard law interact in many ways, to form what has been described as a ‘tangled web’ (Webb and Morrison 2004). We have seen in chapter 8.2.2 how WTO law in effect implements the voluntary norms of standards bodies, and in chapter 5.2.2.2 the ways in which corporate and industry codes can be enforced. The formalist perspective overstates the effects of hard law and underestimates the role of soft law in the networked governance processes described and analyzed in this book.

1.1.1 Law in Heterarchy

Much more appropriate to the heterarchical character of regulatory networks are concepts of legal pluralism. These emerged from legal anthropology in the post-colonial period (see chapter 2.1.2), and have become important in the sociology of law. A legal pluralist perspective is particularly apposite, because it decentres state law, and brings to the fore both the plurality and the many modes of interaction of normative systems (e.g. Snyder 2000). However, legal pluralism’s interest in the norms of a great variety of communities and social groups also means that it tends to view state law as just another normative system. What tends to be lacking is a theory or understanding of the state, and the relationship of state law to other norms (Fitzpatrick 1984). Hence, while pluralism may help in drawing attention to the existence and interactions of multiple legal orders, it is prone to the criticism advanced by von Benda-Beckmann that ‘talking of intertwining, interaction or mutual constitution presupposes distinguishing what is being intertwined’ (cited in Melissaris 2004: 61), or more sharply that it leaves us ‘with ambiguity and confusion’ (Teubner 1992: 1444).

The most sophisticated and complex attempt to establish a conceptual analysis which incorporates a pluralist approach has been that of Boaventura de Sousa Santos (Santos 1987, 1995, 2002). He distinguishes his perspective from that of traditional legal anthropology which conceived different legal orders as ‘separate entities coexisting in the same political space’, and sees socio-legal activities as operating in three time-spaces, the local, the national and the global. For him, the loss of dominance of state law has ushered in a third period of postmodern legal plurality: ‘whereas before, debate was on local, infrastate legal orders coexisting within the same national time-space, now it is on suprastate, global legal orders coexisting in the world system with both state and infrastate legal orders’ (Santos 2002: 92).

Santos cogently argues that ‘[w]e live in a time of porous legality or legal porosity, of multiple networks of legal orders forcing us to constant transitions and trespassings. Our legal life is constituted by an intersection of different legal orders, that is by interlegality’ (Santos 1995: 473). He uses the metaphor of cartography to suggest that different types of laws are based on different scales, projections and symbolizations, and that social groups become more adept in the types of action suited to the legal order within which they are predominantly socialized (ibid.: 465-6). However, his analysis tends to be structuralist: he conceives of different legal orders as overlapping but mutually exclusive and that ‘each legal construction has an internal coherence’ (ibid.: 473). For example, he argues that the new lex mercatoria and the proliferation of business and corporate codes constitute ‘the emergence of new legal particularisms’ which ‘create a transnational legal space that often conflicts with national state legal space’ (ibid.: 469). However, the concepts of porosity and interlegality suggest that legal orders are capable of interpenetration and accommodation, rather than being conflicting and exclusive.

1 For example, even Nestlé established a Commission chaired by former US Secretary of State Edmund Muskie to hear complaints under its corporate code based on the WHO Baby-Milk Code, although it was dissolved, having found some violations (chapter 5.2.2.1).
Analysts of regulation have attempted to capture the characteristics of different layers of regulation and their interaction. This kind of approach to regulatory interactions deploys concepts of responsive or reflexive law. As part of the response to the crises of the welfare state, Nonet and Selznick put forward a new modernist paradigm of responsive law, as an evolution from the repressive and autonomous phases of law, and envisaging regulation as an interactive process of developing methods to realise purposes expressed through law and thereby clarifying the public interest (Nonet and Selznick 1978/2001). The concept was taken up in regulation theory notably by Ayres and Braithwaite (1992), seeking to reassert a civic republican tradition in which layers of social institutions, from the state through industry associations and down to individual corporations, play their different parts in social regulation, lubricated by a two-way flow of public discourse. This can help to frame an understanding for example of the relationship between state law and corporate and industry codes of conduct.

The interaction of public and private has been analysed within this perspective through the concept of ‘meta-regulation’, or the supervision by public bodies of the adequacy of private regulation. The approach is helpful in suggesting that the content of law and of what is meant by compliance are negotiable, although it perhaps too easily accepts that consensus can be reached, and under-estimates the competitive and strategic behaviour of actors in legal fields. The concept of meta-regulation seems an appropriate lens through which to view, for example, the approach in the BCBS’s Basel II framework for financial risk management, discussed in chapter 7, which aimed to supervise the banks’ own risk monitoring systems. The concept of meta-regulation was applied initially to national state laws which lay down overarching requirements or standards (for example, for environmental protection) with which more specific industry or corporate codes are expected to comply (Gunningham & Grabosky 1998, Parker 2002). It has been extended to describe the 'disciplines' laid down by WTO law on national states by Bronwen Morgan (2003), who described WTO rules as 'global meta-regulation', or rules prescribing how states should regulate. This formulation helps to characterize the form of overarching regulatory frameworks such as Basel II and the WTO, and their interaction with national law; although it is perhaps less apt in relation to the interactions of WTO rules with other regulatory arrangements discussed in chapter 7, such as those of the SPS with Codex standards, or the intricate interactions between the WTO and ITU regulatory systems for telecommunications.

A different analysis has been offered by Gunther Teubner, whose pioneering work argued that the emergence of reflexivity in modern law resulted from the ‘trilemma’ created by the increased legalization or juridification of the social sphere (Teubner 1983, 1987). For Teubner it is the autonomy of the legal field that generates its autopoeitic self-referentiality, but the politicization resulting from increased application of law into social fields creates expectations which require instrumentalization, perhaps through new forms of self-regulation. The pressure for legal regulation to go beyond the limits possible through the autonomous logics of self-reproduction means that it either lapses into irrelevance, or results in disintegration either of the social field to which it is applied or of the law itself. Hence, regulatory failure is the rule rather than the exception.

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2 It was also linked to John Braithwaite’s general notion of the ‘regulatory pyramid’, seeing regulation as an interactive process, in which enforcers can escalate their responses to encourage or coerce compliance; he has applied the concepts to all manner of contexts, which has also led him to refine it in response to criticism and recognition of some of its limitations, by introducing the concept of ‘nodal governance’ (Braithwaite 2008: 87-108).
In his work on globalization Teubner welcomes the potential it offers for law to become more detached from the political sphere of states, and instead to institutionalize constitutions for autonomous social sectors and the norms which they generate, which he suggests could enable new forms of repoliticization (Teubner 2004). He rightly criticizes the view of globalization as an economic process which reduces the prospects of regulation through law, and points to the many new normative forms underpinning globalization, which seek validation through law. However, this systems-theoretical perspective significantly overstates the autonomy of the ill-defined social sub-systems, and the self-referential nature of ‘neospontaneous’ generation of ‘global law without a state’, of which lex mercatoria is given as an example (Teubner 1997).

1.1.2 Lawyering Practices

It is important to complement perspectives analyzing law as part of social structure with others which consider social agency. A more actor-oriented approach is taken by Pierre Bourdieu, who criticises the confusion in systems theory between the symbolic structures of the law and the objective orders of the legal and other professional fields, in which agents and institutions compete for the right to formulate the rules, 'le droit de dire le droit' (Bourdieu 1986, 1987). This is especially valuable in providing a basis for empirical and sociological studies of the actual practices of lawyering (McCahery and Picciotto 1995).

The techniques and practices deployed by lawyers centre on the formulation and interpretation of legal texts. Bourdieu argues that this involves the appropriation of the ‘symbolic power which is potentially contained within the text', in terms of competitive struggles to 'control' the legal text (Bourdieu 1987: 818). He suggests that coherence emerges partly through the social organization of the field, which produces mutual understandings based on 'habitus'; and partly because, to succeed, competing interpretations must be presented 'as the necessary result of a principled interpretation of unanimously accepted texts' (ibid.).

This explains the apparent paradox that, while lawyers spend much of their time disagreeing about the meaning of texts, they generally do so from an objectivist perspective. They usually prefer to deny that indeterminacy is inherent in legal rules, and tend to attribute disagreements to bad drafting and lack of clarity in the texts, which are said to create 'loopholes' in the logical fabric of the law. Bourdieu’s perspective can also be integrated with the ‘interpretivist turn’ in socio-legal studies, and critical approaches to law. These study the ways in which the indeterminacy of legal texts provides the space for the deployment of legal skills and techniques, the introduction of political preferences and social values, and ultimately the ways in which law is deployed in and mediates struggles over power.

Based on an approach from Bourdieu, the extensive sociological research of Dezalay and Garth has provided a more convincing account of lex mercatoria than either Santos or Teubner. They examine especially how law as a social practice mediates transformations of both the ‘private’ sphere of economic activity and the ‘public’ sphere of politics, and their

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3 Teubner follows Luhmann, who considers that 'law is a normatively closed but cognitively open system': closed in that normativity must be decided by its internal self-referential processes, but open because it is dependent on being able to determine whether certain factual conditions have been met (Luhmann 1987: 18-20). Many have doubted the applicability of the theory of ‘autopoiesis’ (derived from biology) to social systems, which produces a highly structuralist model of society; although others reject this criticism, arguing that the social sub-systems are seen as constituting society through their different modes of communication.
interaction. They argue that the concept of *lex mercatoria* was a strategic move in the competitive struggles between arbitration centres, in which lawyers mediated skilfully between the spheres of political and corporate power to create the new arena of international commercial arbitration (Dezalay and Garth 1995, 1996). They show how the learned doctrine of *lex mercatoria*, backed by the neutral authority of the grand European professors which validated it in the eyes of their disciples in the third world, helped to provide a 'middle way' in the postcolonial clashes over the scope of state sovereignty, especially concerning the control of oil; but in practice the legal arbitrations were only one strand (and a minor one) in the broader political negotiations (Dezalay and Garth, 1995: 83-91, 1996: 313). Rather than creating a purely private legal sphere outside the realm of state law, the two have been deeply entangled, and the authority of law, especially legal concepts of private rights, has been used to counter political notions of state sovereignty in the struggles to reconfigure economic and political power. This perspective is very relevant also to understanding the opening up of new legal fields, such as the rapid growth of investment arbitration under the NAFTA and BITs, discussed in chapter 5.2.1.3.

Dezalay and Garth emphasize the importance of studying how and by whom law is produced, and their focus is on the legal elites and the resources and strategies they employ to dominate the production of law. Investment in legal expertise is seen as a means of building social capital, and conflicting perspectives about the content of law as essentially strategies in competitive struggles. For them, law’s claims to neutrality and universalist ideals are deployed simply to give legitimacy to the elite lawyers’ powerful clients, which are governments and large corporations. They consider that ‘[l]aw and lawyers have been central to what can be characterized as US “imperial strategies” throughout the twentieth century’ (Dezalay and Garth 2008: 718), although their role and character have changed. In particular, the enormous new investments in professionalized law and the trends to legalization since the 1970s have replaced the old establishment of ‘gentleman lawyers’ and legal generalists with a ‘multi-polar field of quasi-state power with a much more institutionalized division of roles’ (ibid.: 752).

However, their emphasis on studying who and how tends to disregard or discount the questions of what and why. The content of political and economic changes and conflicts, which provide the essential motive forces for change, are exogenous to their perspective. They characterize the success of law as resting on ‘the ability of lawyers to take external conflicts within and among the leading institutions of the state and manage them by translating them into law’. For them, the conflicts are between ‘factions contesting for the definition and control of the state’ (ibid.: 756), but this does not explain the nature or content of those struggles. They do accept that ‘the content that emerges from these battles is important’ (ibid.: 719), but their general assumption is that lawyers are an élite group acting on behalf of the powerful. Hence, whether lawyers choose to ‘invest in’ corporate or commercial law or human rights makes a difference only in terms of the form of domination they help to construct. They rightly point out that lawyers do not always favour liberal legality, but often side with authoritarianism, while on the other hand, at a different phase of the political cycle, a lawyer may need to invest in legitimacy by acting as ‘reformer, modernizer, or promoter of social welfare’. However, Dezalay and Garth see this as ‘the preventive management of social inequalities and tensions’ by ‘providing channels for incremental political and social change’ (Dezalay and Garth 2010: 251).

This is a valuable corrective to perspectives which perhaps too readily accept the emancipatory potential of some formulations or fields of law, such as human rights. At the same time, it is also important to guard against a pessimistic reductionism which implies that power is always hegemonic and self-reproducing, and that the forms of domination are
epiphenomenal. To say that law mediates power does not mean that it is a mere fig-leaf for the ‘real’ relationships of power which occur somewhere else; on the contrary, it means that the exercise of power takes specific legalized forms. This also entails a recognition that legal forms legitimate acquisition and dispossession, and hence both the accumulation of wealth and economic exclusion and inequality, and that law also of course governs the legitimate use of force, and hence authorizes both economic and physical retribution and punishment. But to engage in critique of the strong claims made for the neutrality, objectivity, rationality, certainty and predictability that the rule of law is supposed to provide does not mean that law-governed decision-making is necessarily arbitrary, or that legal reasoning is irrational or merely a justification of political or economic power.

1.2 Law and Power, Property and the State

Considering what lawyers do also helps us to understand how specific legal forms help to construct social institutions and relationships and hence how they affect the particular ways in which power is exercised. This also entails consideration of the power of law itself as a form of legitimation. In general terms the power of the ‘rule of law’ lies in the claims of classical liberal or bourgeois legality to provide justice based on universal principles granting equal rights for all legal subjects. The central critique of these claims to legal justice is that enforcing formal equality between those who are unequal in material terms (economically, physically, socially, politically) reproduces inequality: ‘between equal rights, might prevails’ (Miéville 2005). However, this again implies that inequality and power are somehow external to law, and that law’s neutrality merely provides a cloak for extra-legal forms of power.

This is a serious mistake, especially in the realms of economic law. To focus on law only as a balancing of rights is to restrict attention to economic exchange, where indeed all that is needed is to ensure the enforcement of apparently equal rights. Certainly, the ideologies of both classical liberalism and contemporary neo-liberalism consider that the role of law is simply to enforce contracts and protect property rights. Against this, welfare liberalism argues that there is a need for greater intervention to correct market failures, remedy asymmetries between parties to contracts, and perhaps even some redistribution to correct excessive social inequalities. Thus, principles of equal treatment may sometimes be modified by permitting differential treatment, though usually without affecting the basic structures.

What is generally overlooked is the role of law in shaping and defining the property rights on which exchange depends, as well as the extensive state interventions affecting pricing and profit rates, which take place through legal regulation. Property is commonly thought of as a natural institution, usually fetishized as control over a thing. Most analyses fail to take a historical perspective, and too readily accept a-historical concepts, particularly that of ‘the market’. Hence, the approach adopted in this book has been to trace the historical development of the central institutions of corporate capitalism. This helps to illuminate the dramatic changes that have taken place in the character and content of property, and hence in both ‘the market’ and the role of the state.

Basic theory tells us of course that markets require property rights. Beyond that, academic theory has told us surprisingly little useful about property rights. This seems to be largely due to a fixation on the concept of private property, amounting to an identification of property with private property. Philosophical and political theories have focused on the justifications for private property, going back at least to C. B. Macpherson’s seminal critique (1962), and have therefore been largely irrelevant to the complexity and malleability of property institutions, as Andrew Reeve has pointed out (Reeve 1991: 108-111). Economic theory, not surprisingly, has been focused on particularly simplistic notions of private property. Thus,
Barzel defines property in economic terms as an individual’s ability to consume a good, directly or indirectly through exchange (Barzel 1997: 3). In development economics, a common prescription is to ensure security of property rights; indeed, this notion has been turned into a creed by Hernando de Soto. Yet such prescriptions are based on a ready acceptance of the fetish of private property, which imagines for example that providing individual titles to slum shack dwellings to be used as security for loans could solve the problems of lack of urban services to favelas. Sociology has largely neglected the analysis of property (Carruthers and Ariovitch 2004), and when it does consider the matter is concerned mainly with the implications of property rights rather than analysis of the forms they take. In legal theory, Hohfeld’s insights showed that property consists of a bundle of rights regulating the relationships of persons, and Robert Hale also left a strong legacy, arguing that law defines the ‘background’ rules of property, so that contractual exchange consists of ‘mutual coercion’ (Ireland 2003). However, more recent work has tended to adopt either a political philosophy perspective (e.g. Waldron 1988), or that of law and economics.

In fact, the basic legal forms of property and contract are infinitely malleable. In particular, the concept of exclusive private property rights has been extended to intangible or ‘fictitious’ property. Thus, a legal claim on assets such as a share in a company came to be treated as a private property right, so that the corporation is conceived as a private legal person, governed by contract, and ‘owned’ by its shareholders. Not only shares, but all manner of financial instruments have been formulated in terms of increasingly ingenious combinations of property and contract. The concept of ‘intellectual property’ enabled the complex and contentious interactions of science with nature on the one hand and commerce and business on the other to be articulated in terms of proprietorial control over new technologies. Literature, the arts and cultural life generally have also become moulded by proprietorial principles, and hence dominated by the media industries. Similarly, contracts have been transformed from simple bargains between individuals, and adapted to serve all kinds of administrative and regulatory purposes, otherwise thought of as the domain of public law (Campbell 1999).

The skilful use and adaptation of these private law forms have enabled continued private appropriation, even though economic activity and its organization have become increasingly socialized. This is above all the case for the corporate form, which enables the coordination of labour and assets on an enormous social scale, but within a framework of private ownership and control. The oligopolistic corporations which came to dominate the key global industries of the twentieth century, first in oil, minerals, chemicals, engineering, automobiles, food and agribusiness and then in pharmaceuticals, computing, media and the internet, can generate extraordinary profits. At the same time, their dominant positions have depended in many ways on state support. Many require concessions or licences: natural resource firms such as oil, mining, and logging; now also telecommunications and broadcasting; construction and property development; and a wide range of professional services. Others have depended on state construction of infrastructure, such as roads, railways, telecommunications and energy networks; and the terms of access to such networks remain crucial. For many, such as pharmaceuticals, aircraft and electronics, the state is their major customer. At the same time, the enormous growth of state expenditure has made the incidence of taxation, including subsidies and incentives, a major element in profitability, especially in sectors such as oil, mining, banking and finance. Hence, tax ‘planning’ has become routinized; and TNCs in

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4 There are some alternative and critical perspectives, notably Margaret Radin’s critique of mainstream law and economics, which links in with some more radical economic analyses (chapter 9.4).
particular can take advantage both of competition to offer incentives to attract investment, and opportunities for international avoidance. Increased regulation in fields such as consumer and environmental protection also has a direct impact on profitability. In basic infrastructure and utilities industries, such as telecommunications, broadcasting, gas, electricity and water, decisions on the often very high levels of fixed investment and its financing by charges to consumers or general taxation are of major social importance. It has been to a great extent the difficulty of managing these decisions through state bureaucracies and financing them by taxation that led to privatization, although generally under public supervision. This has resulted in experiments in many forms of regulation, and public-private partnerships. Finally, as we have seen only too starkly in the crisis of 2008-9, the entire financial system and hence the world economy depend very directly on state support.

None of this looks remotely like the market economy envisaged by Adam Smith or the other great liberal political economists or philosophers. Instead, the key feature of `regulatory capitalism' is the close relationships and tight interactions between the public and private, the state and the economy, government and corporations. Paradoxically, however, we have seen a parallel process of the functional fragmentation of the state, as well as an increased decentralization of business, and hence the emergence of both corporate networks and multi-level governance.

1.3 From Transnational Corporatism to Networked Governance

The enduring ability of private law forms to be adapted and reformulated to provide the institutional forms of corporate capitalism perhaps helps to explain the enduring myths of the market economy. In fact, as outlined in chapter 4, what emerged from the end of the nineteenth century was a corporatist economy. It is notable that the period 1880-1930 also saw sharp debates about the nature and the appropriate form of the corporation and of competition (discussed in chapter 4.1.1), and the emergence of new forms of regulatory law. This was strongest in the USA, with its antitrust law and sectoral regulatory Commissions; while in Europe and elsewhere governments took a more direct role in economic management, at least at national level. The inter-state rivalries and conflicts of the first half of the twentieth century offered stony ground for international politics and public international law, so the first lawyer-diplomats began to fashion forms of international economic regulation based on private law. Major firms in key industries used cartels to manage international trade and pool knowledge of new technologies (chapter 4.2.3); international shipping was registered under the privately managed system of `flags of convenience' (chapter 3.2.3); conflicts and overlaps of national claims to tax international business were eliminated by devising international tax avoidance structures using the flexibilities offered by the corporate form and other legal entities such as trusts (chapter 6.3.1).

In the second half of the twentieth century, regulatory law became transnationalized. To a great extent US lawyers took the lead, shaping the legal forms as agents of the increasingly powerful US corporations. Indeed, they invented the TNC, by exploiting the freedom of incorporation (overcoming some initial opposition) to create complex corporate group structures, exploiting jurisdictional regulatory differences. They extended the reach of US regulatory law itself through expansive doctrines of jurisdiction (chapter 2.2); and theorized `transnational law' as a mixture of national and international, public and private law, also drawing on older doctrines of the jus gentium such as comity (chapter 2.3.1). American ideas, concepts and institutions were transplanted into other national legal fields, often with the help of local lawyers, some of whom had absorbed such perspectives by pursuing postgraduate study in the USA. However, such transplants were also in some cases adapted by local
acolytes to their own ideas and conditions, influenced by different legal cultures, producing hybrids.

For example, the export of the US antitrust philosophy to Europe and Japan resulted in significant adaptations (chapter 4.3.1); the European Commission indeed became an enthusiastic convert to the competition law gospel, although US lawyers have complained that Europe applies a perverted version of the doctrine. In some arenas, non-US lawyers made their own contributions. For example, techniques to avoid perceived regulatory burdens such as double taxation, by exploiting jurisdictional interactions and the legal personality of companies and trusts, were developed also in the UK, France and the Netherlands (which became the home of the influential International Bureau for Fiscal Documentation). The strengthening of banking secrecy to develop a financial entrepôt and a system of discreet private banking was pioneered in Switzerland from the early 1930s (chapter 6.3.5). Lawyers and bankers in London took advantage of the Bank of England’s relaxation of exchange controls to use dollar deposits for sterling-dollar swaps, and create the Eurodollar market (chapter 7.1.2 above). The field of IPRs has been dominated by continental European lawyers, especially from Germany and France, who have been in the forefront in developing the international framework and expanding IP to ensure corporate control of new technologies. This has involved both developing interpretations of general principles such as the right of reproduction in copyright, and isolation from nature for patents, and devising new concepts such as plant variety protection (see chapter 9).

A particular contribution of European lawyers has been forms of supranational constitutionalism. Indeed, Europeans going back to Vitoria and Grotius first devised the notion of the *jus gentium* to manage and legitimize the complexities of conquest and colonialism (chapter 2.1.1). Liberal internationalism from the last part of the nineteenth century also created of the first wave of international institutions, whether private (e.g. the International Chamber of Commerce), quasi-public (e.g. the International Committee of the Red Cross), or intergovernmental (though with a strong private input), e.g. the international Unions (chapter 2.1.2). Europeans also originated and sustained the organizations for international legal harmonization (the Hague Conference and UNIDROIT: chapter 2.2.2), launched in the early twentieth century, and which took on a new life in its second half. In the second half of the twentieth century came first the building of international human rights institutions (more recently strengthened by the Rome Statute for the International Criminal Court), the Council of Europe, and then the great project for an ever-wider European union (Madsen and Vauchez 2004). As the EU became transformed from a proto-confederation to a system of multi-level governance using a variety of modes of coordination, its development interacted with the emerging networks of global economic governance, especially through the WTO.

Although the models of supranational constitutionalism and transnationalism appeared to be very different, there has been an increasing convergence. This suggests that the processes of their construction have shared a similar dynamic. Indeed, it seems that the actual practices of lawyers, acting both on behalf and sometimes as critics of corporate capital, have significant similarities, even if the contexts in which they operate involve different legal cultures. Lawyers are also influenced by their clients: the economic and military dominance of the US since the mid-twentieth century has meant that US governments have veered between asserting unilateral power and supporting multilateral frameworks; since the US would inevitably dominate these, they are more likely to be proposed by the friendly rivals of the US, such as Canada, or Europeans. With the formation of the EU as a major economic bloc, projects such as the WTO are increasingly multilateral, especially with the recent emergence of China and a wider group of important developing countries (Brazil, India, South Africa).
This seems to make multilateralism more difficult, as seen with the stalling of the WTO’s Doha Round (chapter 8.1.3), and the response to the financial crisis (chapter 7.3.2.1).

Hence, the emergence of global governance, although dominated by the US as the major power, is not just a process of Americanization, but perhaps a new form of empire. It has involved contributions from not only characteristically American styles, but also European, Latin American, and Asian ‘ways of law’ (Dezalay and Garth 2001, 2010, Kagan 2007, Gessner & Nelken 2007). This indeed is a central element in the power of law: the ability of its general principles, norms and institutions to offer universal prescriptions, while being capable of adaptation by interpretation to suit local circumstances and cultures.

Furthermore, contributions can be made to the construction of the legal edifice from many hands and in different styles. Legal principles can be sufficiently flexible both to allow and to absorb radical departures. For example, the ‘open source’ movement has overturned the exclusive private rights paradigm of IPRs, but by asserting authors’ rights; and FLOSS licences provide the flexibility to explore a variety of methods of both organizing and commercializing creativity and innovation, based on a kind of commons (chapter 9.3.3.2). The issues raised by transnational liability litigation, seen most dramatically in the Bhopal case, cannot be described simply as an imperialist attempt to export American law or legal culture; but they do put into question the ‘uncertain promise’ of law in managing both hazardous activities and compensating victims (chapter 5.1.3.2). Law is not neutral, it shapes and legitimizes social relations of power; but the directions of change depend not only or even mainly on law but on more general social processes of which law is part.

2. Constructing Global Governance

2.1 Legal Creativity, Interpretations and Interactions

The important role of law in the construction of institutions and arenas of governance is therefore due to the key position of lawyers acting as professionals working for private clients or public bodies, and often both, and hence operating at the interface of the private and public spheres, and moving between the two (Dezalay 1996). Thus, William Cromwell could facilitate the creation of Panama as a state, then act for US shipowners using his knowledge of and contacts in Panama to create a convenient ship registration system, to be managed by John Foster Dulles, who later became the US Secretary of State; this was taken a stage further by former oil industry lawyer and Roosevelt’s Secretary of State Edward Stettinius, who set up Liberia’s registry to be run by a company in Virginia (chapter 3.2.3 above). Similarly, Mitchell Carroll worked first for the US Commerce Department as adviser and representative to international tax meetings, then chaired the Fiscal Committee of the League of Nations and carried out for it a 26-country study funded by the Rockefeller Foundation, while building a tax practice representing firms such as Esso and Unilever, helping to found the International Fiscal Association and proselytising in the American mid-West and the US Congress in support of the proposed UN (chapter 6.2.2 above and Carroll 1978). However, such figures are lawyer-diplomats, and do not necessarily advance the claims of law: for example Sir Eric Wyndham White as head of the GATT Secretariat opposed the creation of a legal section, which did not occur until some time after his retirement, when circumstances and the nature of trade conflicts had changed (chapter 8.3.2.1).

Law’s key role is also importantly due to the techniques that lawyers have developed as creative ideologists of the texts which define the institutions and terrains through which economic activity is conducted. The key element of these techniques is the ability to assert authoritative interpretations of texts which are nevertheless inherently indeterminate and
highly malleable. These techniques provide great advantages in managing the interactions between the different sites of law-making, adjudication, application and enforcement; as well as between different jurisdictions and arenas. In that sense, law is what Halliday and Carruthers (2007) have described as a recursive process. Social changes and political pressures are mediated through the formulation of legislative or administrative measures, which create a new potential legal field. Such a field may be left neglected and barren, if there is little incentive to cultivate it; but if it offers opportunities to build legal capital or exploit lucrative possibilities of representation, the work of cultivation will be intensive. Thus, the inclusion of investor-state arbitration provisions in the new-wave BITs in the 1990s and especially the NAFTA drew the attention of lawyers who quickly stimulated the growth of corporate litigation against states and its accompanying doctrinal debates (chapter 5.2.1.3). Sometimes, a new field can be constructed largely by legal creativity making use of existing provisions, as with the development of anti-corporate litigation in the 1990s: in the USA the rediscovery and reinterpretation of the ATCA by Peter Weiss and his team, and the creative use of tort liability to sue TNCs in the UK by Martin Day’s firm (chapter 5.1.3.2).

Lawyers are able to move not only between the private and the public, but also between different public or semi-public arenas: they lobby legislatures and help to draft statutes; then devise legal forms to comply with, adapt to, or evade the measures; they make representations to executive bodies and administrative agencies charged with implementation; and they represent their clients before courts and tribunals which deliver adjudicative interpretations of the texts. Such processes have created and shaped the key legal institutions of corporate capitalism. Notably, the debates over corporate concentration in the US in the period 1880-1915 were mediated by lawyers devising legal forms (agreements, trusts, mergers), lobbying legislatures (New Jersey and Delaware as well as the US Congress), and debating interpretations of the Sherman Act with the executive and in the courts (chapter 4.1.1.2). The outcome was the creation and legitimation of the oligopolistic firm, organized as a corporate group, able to spread its tentacles around the world as a TNC.

Indeed, it is the development of these strategies that has created multi-level networked governance. This can be seen notably in the long-term development of the international patent system, traced in chapter 9: it was the professional patent experts who moulded national patent systems, then helped negotiate the Paris Convention, and began to develop strategies for international protection. In relation to medicines in particular, they explored the limits and extended the boundaries of the ‘isolation from nature’ principle, which became legitimized as a means of enabling and justifying protection for the large investments of the big pharmaceutical firms in blockbuster drugs. Meeting strong opposition to strengthening the Paris Convention in the 1970s, they shifted to the trade arena and achieved the implantation of the TRIPS agreement in the WTO; then they moved back again to advance the extension of protection by national implementation measures and bilateral treaties (Deere 2009). The malleability of the concepts has also been shown by the ways in which counter-attacks by insurgent patent-warriors have been accommodated, by formulating norms for access and benefit-sharing, and mediating conflicts over use of plant germplasm in biotechnology through the International Treaty on Plant Genetic Resources for Food and Agriculture (IT-PGRFA) and the Standard Material Transfer Agreement, although these still remain controversial and conflictual (see chapter 9.2).

2.2 Legal Legitimacy and its Limits

Hence, the fragmentation of the classical liberal international system was to a significant extent the result of these strategies, and provided lawyers with boundless new opportunities. The past thirty years in particular has seen an enormous increase in transnational law and
lawyers. Although the main fields are now largely dominated by large internationalized law firms, there is considerable scope for other players. Some ‘grand old men’, gentlemen lawyer-diplomats and professorial practitioners continue to play a part, notably as arbitrators. Niche firms are able to build specializations, and can grow by merger or expansion, as with those specializing in offshore law and tax avoidance such as Appleby, originating in Bermuda, Maples & Calder of Cayman, and Mourant du Feu & Jeune of Jersey, which are all now sizeable international law firms. At the same time, corporate critics and activists have also mobilized, and have had some impact on the emerging patterns of governance. The work of the WTO and its many tentacles has been closely monitored by a variety of groups and NGOs, some of whose experts such as Martin Khor are pre-eminently well-connected and knowledgeable. The combination of activism and esoteric knowledge has also had an impact in areas such as taxation, especially since the formation of the Tax Justice Network. Campaigns, such as that against the MAI (chapter 5.2.1.4), the intervention of the ‘patent warriors’ opposing the neem patent application (chapter 9.2.4.1), and the access to medicines movement (chapter 9.1.3), have been quite effective.

The fragmentation of governance has also placed great weight on law as a form of legitimation, and exposed its limits. The exploitation of jurisdictional arbitrage and creation of new arenas have led to accusations of privatization and commercialization of sovereignty. This can be seen for example in the debate over tax havens. Although a key role was played by private professionals in exploiting existing legal provisions in convenient jurisdictions, and then advising their governments on creating new ones, these strategies as well as the consequent development of the ‘offshore’ financial system, owed much to the tolerance, collusion and support of regulatory authorities in the leading countries. Yet when the political backlash has come, it has tended to focus on the commercialized sovereignties of the small haven jurisdictions, and to overlook the continued availability of facilities in London and New York for bank secrecy to attract finance (chapter 6.3.3 and 6.4.2).

Indeed, the resort to law has often resulted from failure to achieve agreement or consensus by political means. In such situations, law can provide subtle combinations of public and private regulation, suited to particular issues or fields. As already mentioned, law’s indeterminacy can provide a formulation which sufficiently accommodates contending viewpoints, deferring conflicts to be dealt with in the future on a case-by-case basis. For example, conflicts in Europe over the patentability of business methods and computer programs have prevented clarification of the EPC provision prohibiting their patentability ‘as such’, leading the issue to be pursued through the subtle formulation of patent applications and debate in opposition procedures and litigation (chapter 9.2.1). It has also been argued that the main reason why the bulk of credit derivatives have remained bespoke contracts traded privately in the OTC market is due to continuing doubts about their uncertainty, despite efforts to give them a wider legitimacy through more formalized regulation (Huault and Rainelli-Le Montagner 2009, and chapter 7.2.3 above). This demonstrates the limits of the power of specific cognitive communities to create social institutions with a broader legitimacy.

It is in this context that we can consider the role of supranational adjudication. This entails a move to try to legitimize international regulation by deferring thorny political questions to be dealt with ad hoc in a formalized legal-diplomatic arena. The role of the ECJ in the ‘transformation of Europe’, aiming to achieve integration through law, demonstrates both the power and the limits of such an institution. Although similar tribunals have been established in other regions, and indeed seem to be proliferating, their rhetoric and decisions are much more respectful of state sovereignty, notably the Andean Court of Justice (chapter 5.2.1.1). It is instructive that the adjudicative system of the WTO was formulated in a much more modest way, avoiding any suggestion of delegation of decision-making power through interpretation.
of the rules to the adjudicators; and they themselves have respectfully played the game by
couching their decisions, although carefully attuned to the concerns of trade diplomacy, in
formalistic terms (chapter 8.3.2). Much more problematic has been the development of
international investment arbitration, which is not only procedurally a system of private justice,
but entails judgments on public policies from the perspective of private, or at least corporate,
interests (chapter 5.2.1.3). Other arenas, such as the arbitration of double taxation disputes
have remained even more discreetly private, refusing even a basic obeisance to formal legal
legitimacy such as publication of decisions.

There are dilemmas of partial judicialization. Once issues are brought more into the open by
providing for arbitration, they become more visible and attract attention, and sometimes
criticism. This is especially the case where they are seen to provide private procedures for
dealing with matters of public concern. One option is to maintain the legalization momentum,
with proposals for the ‘constitutionalization’ of supranational adjudication. At a minimum,
this would entail a clearer judicialization of the tribunals: permanent independent judges
instead of ad hoc arbitrators who continue to represent private clients; open hearings and
publication of judgments; rights of intervention by third parties and public interest groups.
Although these seem logical steps to lawyers, there is not always political support, perhaps
because of the conflicting interests involved (e.g. investment arbitration, chapter 5.2.1.3).

Some would go further, and constitutionalize the rules themselves by ‘balancing’ economic
rights with human rights, and even enrench the rules as individual rights directly applicable
in national law, with a right of complaint by individual legal persons (including of course
corporations) to the supranational court (chapter 8.3.3). This would amount to a kind of global
ultra-liberal constitutionalism. Some political theorists have proposed neo-Kantian models,
which accept the need for a strengthening of the international institutional framework to
provide an underpinning for ‘cosmopolitan democratic public law’. However, this seems little
different from the ultra-liberal model, somewhat reinforced by improving the
representativeness of regional and international organizations. The concept of
constitutionalization itself can be interpreted very differently: in particular as aiming to
constrain collective action through states or public bodies, or in an enabling and democratized
version (Schneiderman 2008: 8-17; chapter 8.3). However, if Europe has been the leader in
supranational constitutionalism, the failure of the project for a European Constitution, despite
the many contradictions and legitimation problems of the ‘market without a state’,
demonstrates the limits of constitutionalization of global governance. On the one hand, social
action and interest representation remain firmly focused on national (or subnational) states;
while on the other the dominant elements in corporatist capitalism are confident in their
ability to control networked governance, which indeed they helped to construct.

More modest roles can be devised for law in global governance, though they are nevertheless
ambitious. From the viewpoint of traditional public international law, the extraordinary
expansion of international legalization is certainly to be welcomed, but the fragmented and
uncoordinated character of this growth, in the form of autonomous ad hoc rule-complexes,
raise questions about the lack of coherence of international law. This was taken up by the
UN’s International Law Commission through a Study Group, whose conclusions were
cautiously reassuring (ILC 2006). It took the view that such fragmentation is natural, and
results from both the multiplicity of issues facing the world and the ‘differing pursuits and
preferences of actors in a pluralistic (global) society’. It was content to find that ‘international

\[5\] This appears to be the argument of David Held: see Held 1995, 1997, and its evaluation by Dryzek 1999.
law was always relatively “fragmented” due to the diversity of national legal systems that participated in it; yet ‘the vitality and synergy of the system and the pull for coherence in the law itself’ are reflected in tools it has developed (ibid.: para.11).

Singled out in particular were the rules of interpretation notably in the Vienna Convention on the Law of Treaties. These of course have been relied upon heavily by the WTO’s AB, although as we have seen WTO decisions have been cautious and selective in interpreting WTO rules in ways which could be said to contribute to any global systemic coherence. Nevertheless, adjudicators are in some ways becoming a specialist community, and some have served in different forums, for example as WTO Panel or AB members and investment arbitrators. Some decisions have applied common principles or created links between related régimes: for example, the desirability of an independent regulatory agency was an important factor in the both the WTO Panel report in *Mexico – Telecomms* 2004 (chapter 8.2.3.3) and the arbitration in *Biwater v. Tanzania* 2008 (chapter 5.2.1.3). There are certainly many common concepts such as non-discrimination principles in parallel régimes such as investment treaties and the WTO, although also differences in the way they are understood for example in tax or IP treaties. Hence, the ILC could assert that international law is after all still ‘a legal system’ and not just a random collection of norms (ibid.: 14). Public international lawyers continue to investigate the issues of ‘regime interaction’ (Young 2011).

Perhaps more promising than schemes for constitutionalization or even attempts at coherence is the quest for a global administrative law. This has been led in particular by the Global Administrative Law Project based at New York University. It began from a realization of the ‘vast increase in the reach and forms of transgovernmental regulation and administration designed to address the consequences of globalized interdependence’ but also an identification of the concomitant growth of a ‘little-noticed but important and growing body of global administrative law’ (Kingsbury et al. 2005: 15-16). This enabled a pragmatic approach, surveying the multiplicity of institutions and arenas to discover and analyze the practices and principles which have developed, while putting forward a schema for systematization and proposals for the development of a putative administrative law for heterarchical global governance. Although this approach may contribute towards establishing principles of good practice and procedure, the issue of legitimacy of the substantive decision-making is unavoidable, and here the pragmatic conclusion is pessimistic: ‘no satisfactory democratic basis for global administration is available but … global administrative structures are nevertheless required to deal with problems national democracies are unable to solve on their own’ (ibid.: 50).

The reassertion of a public law perspective can certainly be used to challenge the often highly privatized institutions and arenas of global governance, notably international investment arbitration (van Harten and Loughlin 2006, see chapter 5.2.1.3). Yet, as with models of constitutionalization, there are different perspectives on the role of public administration. Indeed, the investment treaty regime can also be seen a classic form of public law, establishing at the international level a framework for managing the ‘universal tension between property rights and the public interest’, to provide a check on illegal and arbitrary

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6 Perhaps more the Panels than the AB itself: see chapter 8.3.3.1.

7 See www.iilj.org/GAL for materials; in particular special issues of *Law & Contemporary Problems* (2005), the *European Journal of International Law* (2006), and *Acta Juridica* (2009). This was a significant reorientation from earlier (although itself also pioneering) work, which focused on the impact of globalization on national administrative law (e.g. Harlow 1999, Aman 2002).
state action (Montt 2009). From this perspective, while procedural reforms could be conceded, they would hardly resolve the issue of political legitimacy.

2.3 Technocratic Governance and Democratic Dilemmas

These questions about the role of law are also part of a broader debate about technocratic governance. The moves to legalization represent not only a failure to resolve issues politically, but also a concern that they should not be left solely to a specialized technocracy. Many issues and areas of global concern are indeed now governed by delegation to experts. For example, although TRIPS article 27 now establishes a global standard of patentability, it takes the form of a principle expressed in broad and general terms. This leaves open important specific decisions about patentability, in the forefront of which is biotechnology. No formal arena is available at the international level to consider this, and even in Europe adjudication remains at the national level. The gap has been filled by the creation of the informal network of the Trilateral patent offices, which conducted a technical study of the patentability of genetic fragments, enabling some convergence of their national standards (chapter 9.2.2 and 9.2.4). Similarly, despite a global diffusion of laws to regulate competition and considerable convergence of approaches, no formal global framework has been established. Nevertheless, informal networks and an expert community supply a degree of coordination that is probably as effective as would be provided if a competition agreement along the lines of the TRIPS had been included in the WTO (chapter 4.3.3, 4).

Very many examples of this type could be given, indeed technocracy constitutes the main form of global governance. This results not only from the difficulties of reaching international agreement, but from the more fundamental social changes that have led to the transformations of the state, its functional fragmentation, and the emergence of regulatory governance (discussed in chapter 1.2.2). This has raised fundamental questions about the legitimacy of technocratic decision-making. Within national states, these have been dealt with in liberal states mainly through Weberian models of bureaucracy, according to which specialist technocrats must take decisions on the basis of an objectivist and instrumental rationality, within a framework of values decided by political processes, to which they are accountable. However, these models have come under increasing pressure, as a variety of factors has led to a growing public mistrust of expertise and science (discussed in chapter 1.3.3). Expertise is important and indeed necessary especially in today’s complex world. However, it needs to operate within new structures to ensure that specialist knowledge is developed and deployed responsibly and accountably.

Taking a wider perspective, some political theorists have argued that the effects of liberalization and globalization have been to unleash socially destructive behaviour based on the competitive pursuit of self-interest, as existing normative and institutional restraints are undermined or dismantled. They argue that this necessitates the reconstitution of democracy based on principles adapted to the emerging forms of the new public sphere, but which explicitly aim to structure it to ensure the most effective forms of popular participation. Indeed, new forms of active citizenship and political action have been developing, often around the local and national impact of regional or global policies. Some have also been institutionalized, for example the system of participatory budgeting pioneered in Porto Alegre and other parts of Brazil, which have also spread worldwide, although too often in forms which reinforce existing systems of political patronage (van Zyl 2010, and chapter 6.1). The recognition that the public sphere has become fragmented into multiple intersecting networks and overlapping jurisdictional spheres emphasises the importance of building democratic participation through new political principles, institutions and practices. These
should recognise the diversity of political sites in which public policies are developed and implemented, also involving processes of reflexive interaction between these sites.

Jürgen Habermas in particular has argued that such principles must attempt to transcend the two main traditional constitutional models, which are increasingly proving inadequate for the contemporary phase of globalization (Habermas 1996, see also Habermas 2001). On the one hand, liberal conceptions, based on a view of society as composed of individuals pursuing their self-interest or pre-formed 'preferences', see the role of the polity as complementing the market, and as aiming to identify a collective interest either by authoritarian means, or via majoritarian representative democracy. Post-industrial capitalism, with its integrated global production and marketing networks, raises a wide range of social, environmental and moral issues, which cannot adequately be resolved by aggregating individual preferences, using either authoritarian or democratic methods. The alternative model of civic republicanism rejects the narrow view of citizenship based on weighing and balancing competing private interests. However, its stress on an ethical politics based on visions of the common good implies a communitarianism requiring shared values, which in today's culturally fractured world takes reactionary forms, and may generate conflict rather than consensus.

Habermas has suggested that, whereas both these views tend to see the state as the centre, deliberative politics can be adapted to a decentered society.

This concept of democracy no longer needs to operate with the notion of a social whole centered in the state and imagined as a goal-oriented subject writ large. Just as little does it represent the whole in a system of constitutional norms mechanically regulating the interplay of powers and interests in accordance with the market model. (Habermas 1996: 27).

Others also have stressed the attractiveness of a direct, deliberative form of participatory democracy for solving problems in ways unavailable to representative systems:

collective decisions are made through public deliberation in arenas open to citizens who use public services, or who are otherwise regulated by public decisions. But in deciding, those citizens must examine their own choices in the light of the relevant deliberations and experiences of others facing similar problems in comparable jurisdictions or subdivisions of government. (Cohen and Sabel 1997: 313-4).

In this perspective, decision-making, especially by public bodies, should result as far as possible from active democratic participation based on discursive or deliberative rather than instrumental reasoning. Instead of the pursuit of individual interests based on the assumption of fixed preferences, the aim is to go beyond an objectivist rationality (in which choices are considered to be made by reference to absolute and objective standards), without falling into the trap of relativism (Dryzek 1990). Thus, while accepting that there is no single objective standard of truth, since perspectives are always subjective (and hence epistemology is to that extent relativist), truth can be said to be an emergent property of the deliberative interaction between perspectives (and hence its ontology is objective). In other words, there is an objective truth, even if we can only know it through subjective interactions; this is the most basic justification for democracy.

Deliberative democracy accepts the existence of a diversity of perspectives, and aims to facilitate interactive deliberation about values through which preferences may change, or may be accommodated to each other. An emphasis on process may help to overcome the weaknesses of this model if conceived as a political ideal, or as relying on the generation of
consensus purely through the public use of reason. Crucially, account must also be taken of inequalities of power, which generate conflicting interests as well as imbalances in capacities to participate in a politics based on reasoning.

Thus, a key element is the fostering of informed participation in deliberative decision-making, rather than merely elite or expert deliberation. There is a certain tension between the two, since the deliberative evaluation of specialized knowledge or data entails a degree of insulation or autonomy from private interests and other pressures. However, this may result in an unjustified authority being claimed by or given to the judgments of specialists or experts. Thus a key element in democratic deliberation is to ensure a fruitful interaction between various sites of deliberation, and an awareness by specialists of the conditional or contingent nature of their expert knowledge and judgements (Wynne 1992). Thus, experts should be more explicit about the assumptions behind the abstract models underpinning their evaluations, and allow input into their deliberations from both other specialists and alternative perspectives and social values.

This has important implications for lawyers, since law generally structures regulatory arenas and interactions, as well as mediating social conflicts and interactions. As we have seen, a significant weakness of international legalization is that it has reinforced formalism and instrumental rationality. Notably, international adjudicators have tended to rely on a closed epistemology, based on an objectivism which treats the abstract concepts in the texts through an instrumental rationality, resulting in decisions expressed in legalistic terms. This closure tends to exclude debate about the values involved in the interpretive choices made by the adjudicator, which would entail acceptance of a more extended and direct accountability to a broader political constituency, rather than through national governments. It is also technicist (taking its specialist part for the whole), since its closed rationality excludes reflexive dialogue with those outside its specialist epistemological sphere. The reasoning shown in the decisions of the WTO’s AB (discussed in chapter 8) reflects its accountability dilemma, hence they are generally expressed in legalistic terms, but astutely tread a difficult political line aimed at ensuring their acceptability to its various constituencies.

It is clearly illusory to consider that law alone can provide adequate legitimacy for global governance. It is nevertheless equally clearly important that the law and lawyers should play their part. This includes helping to construct forms and arenas of governance which are insulated from undue influence from private interests, and which foster democratic participation and deliberation based on explicitly articulated values and aims. Lawyers play a crucial role in accommodating public concerns to private interests. Lawyering entails interpretive practices which mediate between the public standards and values expressed in the wide variety of norms, and the particular activities and operations of economic actors.

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8 Thus, the work of Joerges and Neyer on the role of expert and scientific committees in regulatory decision-making in the EU (Joerges and Neyer 1997, Joerges 1999) characterised them as `deliberative', in the sense that the participants approach issues open-mindedly rather than from pre-formed positions (in particular in favour of national interests), seeking to reach consensus through evaluation of valid knowledge (Joerges 1999: 320). However, they had reservations, especially about the management of the interaction between various types of committee, so that it was still questionable whether the EC committee system `gives proper expression to the plurality of practical and ethical views which should be included within risk assessment procedures'. The conclusion seemed to be that the system is certainly not a closed or homogeneous epistemic complex, but its openness is limited or haphazard, if not selective (ibid.: 321). Others have been more explicitly critical of the ways in which the European Commission's restriction of public consultation and involvement, through its management of the committee system, has undermined the legitimacy of some decision-making in the EU regulatory networks (Landfried 1999, Vos 1999).
offering the hope that economic power might be exercised ultimately for the general good. However, this aspiration is illusory unless law operates within a broader democratic framework, in which legal practices themselves are also subject to high standards of transparency, accountability and responsibility. This includes the responsibility of each individual to reflect on their own practice and methodology, and when putting forward either analyses or prescriptions to do so on the basis of clearly articulated assumptions, taking due account of the perspectives of others, even if within a critical evaluation.

BIBLIOGRAPHY


Corporate law is a popular area of the law. Read this page to learn about how to get a headstart in the industry, what corporate lawyers do, average corporate law salaries and more. Areas of Law Quiz. Guide to Corporate Law. Find out what corporate law is. See examples of the work completed by corporate lawyers. Read how to become a corporate lawyer. Another key task corporate lawyers are involved with is navigating the provisions of a company’s constitution, shareholder and directors’ rights. These are just a few examples of the wide-ranging work you could be getting involved with as a company lawyer. How to Become a Corporate Lawyer. To become a corporate lawyer, you must possess certain skills that will help you deal with the multitude of tasks you’ll encounter. Profiting from Crisis: How Corporations and Lawyers are Scavenging Profits from Europe’s Crisis Countries. Brussels, Transnational Institute. Fauchald, Ole Kristian (2007). International Investment Law as a Global Public Good. Vol. 17, No. 2 Lewis & Clark Law Review. Collins, David (2009). The Investor and Civil Society as Twin Global Citizens: Proposing a New Interpretation in the Legitimacy Debate. 32 Suffolk Transnat'l L. Rev. 271-301. Corporate law does this by facilitating coordination between participants in corporate enterprise, and by reducing the scope for value-reducing forms of opportunism among different constituencies. Indeed, much of corporate law can usefully be understood as responding to three principal sources of opportunism: conflicts between managers and shareholders, conflicts among shareholders, and conflicts between shareholders and the corporation’s other constituencies, including creditors and employees. In this book, we explore the role of corporate law in minimizing agency problems and thus, making the corporate form practicable in the most important categories of corporate actions and decisions. The symbiosis between law and capital becomes acutely apparent in the question of corporate accountability. Baars provides a detailed analysis of corporate human rights and war crimes trials, from the Nuremberg industrialists’ trials to current efforts. The book shows that precisely because of law’s relationship to capital, law cannot prevent or remedy the externalities produced by corporate capitalism. This realisation will generate the space required to formulate a different answer to the question of the corporation, and to global corporate capitalism more broadly, outside of the law.

BOOK REVIEW
The Corporation, Law and Capitalism: A Radical Perspective on the Role of Law in the Global Political Economy, by G. Baars, Leiden, Brill, 2019, 498pp, £161.00 (Hardback). The Corporation, Law and Capitalism might centre on international law, yet it is required reading for anyone interested in broader issues of corporate power and accountability. The idea that international law has provided a safeguard for corporate power in the twentieth century is further expanded upon in Chapter 3. Baars dedicates this chapter to effectively dismantling the belief that ICL industrial tribunals, developed in Nuremberg and Tokyo after WWII, were a victory for corporate accountability.