

SOCIOLOGY 345 REGULATION

Marc Schneiberg
Office: Eliot 419
Marc.schneiberg@reed.edu

Wed: 5:30-8:20, Eliot 317
Office hours: by appointment
Fall 2009

Course description: How can we construct a regulatory state in the 21st century without simply going backwards, repeating what look like the past's mistakes, or getting mired in antiquated debates over "market" versus "state?" The collapse of financial markets and the risks it poses for growth and well-being have dramatically signaled the limits of the neo-liberal project. Regulating capitalism is firmly back on the agenda. This course addresses the problem of regulation and its design from a historical and interdisciplinary perspective. It will begin with the Chicago School critique of economic regulation. It will use that critique as a foil for critically reexamining both the rise of regulation in the Progressive and New Deal eras and the "deregulation" movement of the late 20th century. It will then focus on the startling array of regulatory forms currently under consideration, ranging from regulation by information, private and public certification schemes, and cap and trade systems, to self-regulatory systems, "soft law," and deliberative or experimentalist governance. Throughout, we will develop three critical themes: how regulation makes rather than interferes with markets; how to design regulatory arrangements that upgrade rather than suppress competition; and how decisions about regulation are decisions about the kinds of economies, economic development and industrial orders we will pursue.

Course prerequisites: Sociology 211; sophomores, juniors and seniors who have taken Economics 201, Political Science 210 or 220; or consent of the instructor.

Reading and writing assignments: This is a reading- and discussion-intensive course whose success depends critically on students' preparation and active participation. We will cover a great deal of ground in this course, and the readings will vary, requiring participants to absorb and gain mastery over a range of theoretical perspectives, important historical developments, and information about a variety of regulatory cases and forms. This will require a collective "piecing-together" of arguments, evidence, historical developments and cases within the conference. It is also cumulative in character, so falling behind or failing to prepare for conference is not an option.

To deepen engagement with critical issues and foster group discussion, students will also undertake a semester long research project analyzing regulation in a particular industry or of a particular form. This project is designed to help students develop some expertise regarding a specific case of regulation. For this project, students will write a series *four to four page memos* over the course of the semester and a *short final paper*. In these memos, students will describe the case or form of regulation at issue, treat the key problems to which regulation was designed to respond, consider the political and institutional sources regulation, and develop policy suggestions for reform, applying

theory and arguments from our readings to the case were relevant. For this project, students will also make regular presentations during an hour set aside during each weekly class to workshop student projects. Memos and presentations will be announced at least a week in advance.

READING ASSIGNMENTS

PART I: THEORETICAL APPROACHES, THE PROGRESSIVE IMPULSE AND THE NEW DEAL

Week 1: September 2

Cartel-Capture Theory: "Revisionism," The Chicago School and Beyond

Gabriel Kolko. 1963. *The Triumph of Conservatism, A Reinterpretation of American History, 1900-16*. Introduction, pp. 1-10; Chapter 2, pp. 26-56; Chapter 3, pp. 57-61, Chapter 4, pp. 79-112. (Reserve).

George Stigler, 1971. "The Theory of Economic Regulation." *Bell Journal of Economics and Management Science*, 2: 3-21. (JSTOR)

Richard Posner. 1974. "Theories of Economic Regulation." *Bell Journal of Economics and Management Science*, 5: 335-58. (JSTOR)

James Q. Wilson. 1980. "The Politics of Regulation," chapter 10 in JQ Wilson, ed. *The Politics of Regulation*. (Reserve)

Week 2: September 9

Market Failures, Regulation as Reform, and Fits between Markets and Forms

Steven Breyer. 1982. *Regulation and Its Reform*. Introduction, Chapters 1-8, 10-11, 14.

Week 3: September 16

Economic Sociology, "Neo-Polanyism," and Regulation as Market Making

Fligstein, Neil. 2001 "Markets as Institutions." Pp. 27-44 in *The Architectures of Markets: An Economic Sociology of Twenty-first Century Capitalist Societies*. Princeton: Princeton University Press.

Mitchel Abolafia. 2001. *Making Markets: Opportunism and Restraint on Wall Street*. Cambridge: Harvard University Press.

Marc Schneiberg and Timothy Bartley. 2010. "Regulating or Redesigning Finance: Observations from Organizational Sociology." *Research in the Sociology of Organizations*. Forthcoming.

Week 4: September 23

Institutional Analyses and Cross-National Varieties of Regulation

Joseph L. Badaracco Jr. 1985. *Loading The Dice A Five-Country Study of Vinyl Chloride Regulation*. Cambridge: Harvard Business School Press.

David Vogel. 1986. *National Styles of Regulation: Environmental Policy in Great Britain and the United States*. Introduction, pp. 19-30; Chapter 4, pp. 171-81; chapter 6, pp. 241-61. Chapter 7, pp. 264-90. (Reserve)

Marc Schneiberg and Timothy Bartley. 2001. "Regulating American Industries: Markets, Politics and the Institutional Determinants of Fire Insurance Regulation." *American Journal of Sociology* 107: 101-46.
<http://academic.reed.edu/sociology/faculty/schneiberg>

Week 5: September 30,

Constructivist Experimentalism: Institutionalism (and Revisionism) Revised

Gerald Berk. 2009. *Louis D. Brandeis and the Making of Regulated Competition, 1900-1932*. Cambridge: Cambridge University Press. Chapters 1-2, 5-7.

**PART II: NEOLIBERALISM,
GLOBALIZATION AND THE END OF REGULATION?**

Week 6: October 7

Neo-liberalism and its Paradoxes of "Deregulation" I

Martha Dirk and Paul Quirk. 1985. *The Politics of Deregulation*. Washington DC: The Brookings Institution.

Bruce Kogut and J Muir Macpherson. 2008. "The Decision to Privatize: Economists and the Construction of Ideas and Policies." Pp. 104-40 in B Simmons, F Dobbin and G Garrett, eds. *The Global Diffusion of Markets and Democracy*. Cambridge: Cambridge University Press.

Week 7: October 14

Neo-liberalism and its Paradoxes of "Deregulation" II

David Levi-Faur. 1998. "The Competition State as a Neo-Mercantilist State: Understanding the Restructuring of National and Global Telecommunications." *Journal of Socio-Economics* 6: 665-85.

David Levi-Faur. 2003. "The Politics of Liberalization: Privatization and Regulation for Competition in Europe's and Latin America's Telcoms and Electricity Industry." *European Journal of Political Research* 42: 705-40.

Steven K. Vogel. 2007. "Why Do Freer Markets Need More Rules?" Pp. 341-53 in N Barma and S Vogel, eds., *A Political Economy Reader: Markets as Institutions*. New York: Routledge.

Steven K. Vogel. 1996. "Telecommunications: The Creation of Competition," and "Financial Services: The Big Bang and the Proliferation of Rules." Pp 65-117 in *Freer Markets, More Rules*. Ithaca: Cornell University

Great Krippner. 2007. "The Making of U.S. Monetary Policy: Central Bank Transparency and the Neoliberal Dilemma." *Theory & Society* 36: 477-513.

Fall break

Week 8: October 28

Globalization I: Race to the Bottom or Trading Up?

David Vogel and Robert Kagan, eds. 2004. *Dynamics of Regulatory Change: How Globalization Affects National Regulatory Policies*. Berkeley: University of California Press. Introduction, chapters 1-4, 6, 9.

Week 9: November 4

Globalization II: Regulatory Diffusion and Transnational Governance

Gilardi F. 2005. "The Institutional Foundation of Regulatory Capitalism: The Diffusion of Independent Regulatory Authorities in Western Europe." *Annals of the American Academy of Political and Social Science*: 84-101

OR

Jacint Jordana, David Levi-Faur and Xavier Marin. 2010. "The Global Diffusion of Regulatory Reform and the Restructuring of the State." Working paper. <http://poli.haifa.ac.il/~levi/publications.html>

Henisz W, Zeiner B, Guillen M. 2005. "The worldwide diffusion of market-oriented infrastructure reform, 1977-1999." *American Sociological Review*. 70: 871-97

Marie-Laure Djelic and Kerstin Sahlin-Andersson. 2006. "A World of Governance: The Rise of Transnational Governance," and "Institutional Dynamics in a Re-Ordering World," in ML Djelic and K Sahlin Andersson, eds. *Transnational Governance: Institutional Dynamics of Regulation*. Cambridge: Cambridge University Press.

Tina Hedmo, Kerstin Sahlin-Andersson and Linda Wedlin. 2006. "The Emergence of a European Field of Management Education," in ML Djelic and K Sahlin Andersson, eds. *Transnational Governance: Institutional Dynamics of Regulation*. Cambridge: Cambridge University Press

PART III: NEW REGULATORY FORMS IN THE 21ST CENTURY

Week 10: November 11

Cap and Trade

TH Tietenberg. 2006. "Introduction" in *Emissions Trading: Principles and Practice*, 2nd edition. RFF Press: Washington, DC.

Gilbert Metcalf. 2009. "Market-based Policy Options to Control US Greenhouse Gas Emissions." *Journal of Economic Perspectives* 23: 5-27.

Dallas Burtraw and Sarah Jo Szambeian. 2009. "US Emissions Trading Markets for SO₂ and NO_x." *Resources for the Future, Discussion Paper*. 09-040.

Nathaniel Keohane. 2009. "Cap and Trade, Rehabilitated: Using Tradable Permits to Control US Greenhouse Gasses?" *Review of Environmental Economics and Policy* 3: 42-62

Anita Engels. 2006. "Market creation and transnational rule-making: The case of CO₂ emissions trading." in ML Djelic and K Sahlin Andersson, eds. *Transnational Governance: Institutional Dynamics of Regulation*.

Week 11: November 18

Regulation by Information: Disclosure, Certification, Ranking and Rating I

Archon Fung, Mary Graham and David Weil. 2007. *Full Disclosure: The Perils and Promise of Transparency*. Cambridge: Cambridge University Press.

Week 12: Monday November 23

Regulation by Information: Disclosure, Certification, Ranking and Rating II

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

Espeland WN, Sauder M. 2006. "Rankings and Reactivity: How Public Measures Recreate Social Worlds." *American Journal of Sociology* 113:1-40

Seidman G. 2007. "Labor Rights as Human Rights: Regulation in the Context of a "Thinned" National State" and "Citizenship at Work." Chapters 2 and 6 of *Beyond the Boycott: Labor Rights, Human Rights and Transnational Activism*. New York: Russell Sage Foundation/ASA Rose Series.

Week 13: December 2

Soft Law, Self-Regulation and Experimentalist Governance I

Braithwaite, John. 2000. "The New Regulatory State and the Transformation of Criminology." *British Journal of Criminology*. 40: 222-238.

Abbott KW, Snidal D. 2000. "Hard and Soft Law in International Governance." *International Organization* 54:421-56

Jacobsson B, Sahlin-Andersson K. 2006. "Dynamics of Soft Regulations." Pp. 247-65 in M-L Djelic, K Sahlin-Andersson, eds., *Transnational Governance: Institutional Dynamics of Regulation*. New York: Cambridge University Press

Trubeck, David and Louise Trubeck. 2005. "Hard and Soft Law in the Construction of Social Europe: The Role of the Open Method of Coordination." *European Law Journal* 11: 343-64.

Neil Gunningham and Joseph Rees. 1997. "Industry Self-Regulation: An Institutional Perspective," *Law and Policy* 19: 400-402.

Week 14: December 9

Soft Law, Self-Regulation and Experimentalist Governance II

Healy Judith, and John Braithwaite. 2006. "Designing Safer Health Care Through Responsive Regulation." *Medical Journal of Australia*. 184 (10 Supp): S 56-9

- Sabel, Charles. 1994. Learning by Monitoring: The Institutions of Economic Development.” Pp. 137-65 in Neil Smelser and Richard Swedberg, eds., *Handbook of Economic Sociology*, Princeton: Princeton University Press
- Sabel C, Fung A, Karkkainen B. 1999. “Beyond Backyard Environmentalism: How Communities are Quietly Refashioning Environmental Regulation.” *Boston Review* 24:4-23
- Sabel C, O'Rourke D, Fung A. 2000. “Ratcheting Labor Standards: Regulation for Continuous Improvement in the Global Workplace” KSG Working Paper No. 00-010 (<http://ssrn.com/abstract=253833>)
- Sabel C, Zeitlin J. 2008. “Learning from Difference: The New Architectures of Experimentalist Governance in the European Union.” *European Law Journal* 14: 271-327.