Monday-Wednesday 1:30-3:00, JMHH G86
Professor: David Zaring
Office: 662 Jon M. Huntsman Hall
Office Hours: Monday: 3:00-4:30
Email: zaring@wharton.upenn.edu
Office Phone: (215) 573-7154

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

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.  


Trade Institutions

Feb 4  Dispute Resolution  
Introduction to Trade Memo
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*

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  

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  
European Commission, *Towards the completion of the Banking Union*  
Background (skim):  
Eilís 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,  

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*

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)