

**Theories of Regulation (410115)**  
*University of Twente, Master European Studies*  
*Regulation, Europe and Innovation Track*  
*Fall Semester 2008-2009, Quarter 2*

**Convenor**

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**Objectives**

This course introduces students to the theoretical tools used to explain and understand regulatory choices and practices and the implications that flow from them. It devotes attention both to institutional engineering and regulatory tactics on the one hand and to broad patterns of regulation across countries and eras on the other. Students are challenged not only to take note of these theories, but also to think critically about what each of them does well and does poorly.

Each week's topic lists required readings and recommended readings. The latter provide you with additional sources of information and reflection on the theoretical approach dealt with that week.

**Literature**

Various readings will be provided on the teletop site in PDF format, which you can then download to read. In addition, the following books are useful for both the course and ongoing studies in regulation:

Robert Baldwin & Martin Cave (1999) *Understanding Regulation: theory, strategy and practice*. Oxford UP.

Jacint Jordana & David Levi-Faur, eds. (2004) *The Politics of Regulation: institutions and regulatory reforms for the age of governance*. Edward Elgar.

John Braithwaite (2008) *Regulatory Capitalism: how it works, ideas for making it work better*. Edward Elgar.

**Preparation and Grading**

The class meets primarily as a seminar in which the readings are discussed to reveal their insights and limitations. Prior to each session, the instructor provides a list of questions which seminar participants should consider whilst reading that week's material, and an introductory lecture which lays out the principle question, approach and context of the theory being read and discussed.

Students should note that theory, as an abstract conceptual tool, is often complex and requires time for reflection on what is being said. What is the main focus of study (What is the theory trying to explain and what does it not try to explain)? Who are the main actors? What are their motivations? How do they try to go about achieving their

goals? Is the theory intended to be valid universally, or is it limited to a particular period in history or to particular countries or groups of countries? Is the theory trying to explain and understand factors at the international level, at the national level or at the sectoral level?

Evaluation takes the form of a take-home examination (80%) and seminar participation (20%). The questions are distributed during the last week of classes and must be returned on the first Monday of Quarter 2. There are four questions, each of which requires an answer of 4-5 pages in length.

**Week 1: Theories of regulation: goals and approaches**

Theories of regulation broadly cover the following topics:

- Functional, rent-seeking and politically-motivated reasons for regulation
- Descriptive accounts of institutional arrangements and regulatory tactics
- National comparisons (Varieties of Capitalism)
- Similarities of regulatory systems

David Levi-Faur (2004) 'Comparative research designs in the study of regulation: how to increase the number of cases without compromising the strengths of case-oriented analysis,' in Jacint Jordana & David Levi-Faur, (eds) *The Politics of Regulation: institutions and regulatory reforms for the age of governance*. Edward Elgar, pp. 177-99.

**Week 2: Functional and rent-seeking theories of regulation**

Baldwin and Cave (1999) *Understanding Regulation: theory, strategy and practice*. Oxford UP, Chapters 2, 3 (pp. 9-33).

Weber, K. and Hallerberg, M. (2001) 'Explaining Variation in Institutional Integration in the European Union: Why Firms May Prefer European Solutions'. *Journal of European Public Policy*, Vol. 8, No. 2, pp. 171-91.

*Further reading:*

Theodore Lowi (1979) *The End of Liberalism: the second republic of the United States*. W. W. Norton & Co., 2<sup>nd</sup> edition.

Hardy, D. (2006) 'Regulatory Capture in Banking'. IMF Working Paper 06/34, Washington D.C.

Albert Shonfield (1968) *Modern Capitalism*. Oxford UP.

Fligstein, N. (2001) *The Architecture of Markets: An Economic Sociology of Twenty-First-Century Capitalist Societies* (Princeton: Princeton University Press).

Jayasuriya, K. (2001) 'Globalization and the Changing Architecture of the State: The Regulatory State and the Politics of Negative Co-ordination'. *Journal of European Public Policy*, Vol. 8, No. 1, pp. 101-23.

**Week 3: Policy ideas and coalitional theories of regulation**

Ben Clift, Andrew Gamble & Michael Harris (2000) 'The Labour Party and the Company,' in John Parkinson, Andrew Gamble and Gavin Kelly, *The Political Economy of the Company*, Hart Publishing.

*Further Reading:*

Peter A. Gourevitch & James Shinn (2008) *Political Power and Corporate Control: the new global politics of corporate governance*. Princeton UP.

Frieden, J. (1991) 'Invested Interests: The Politics of National Economic Policies in a World of Global Finance'. *International Organization*, Vol. 45, No. 4, pp. 425–52.

Mark J. Roe (2003) *Political Determinants of Corporate Governance: political context, corporate impact*. Oxford UP.

Milner, H. (1988) *Resisting Protectionism: Global Industries and the Politics of International Trade* (Princeton: Princeton University Press).

Vivien A. Schmidt (2002) *The Futures of European Capitalism*. Oxford UP.

Michel Albert (1993) *Capitalism versus Capitalism*. Basic Books.

Haas, P. (1992) 'Introduction: Epistemic Communities and International Policy Coordination'. *International Organization*, Vol. 46, No. 1. pp. 1–35.

Loriaux, M. (1997) 'Socialist Monetarism and Financial Liberalization in France'. In Loriaux, M. et al. (eds) *Capital Ungoverned: Liberalizing Finance in Interventionist States* (Ithaca: Cornell University Press).

Peter A. Hall (1989) *The Political Power of Economic Ideas: Keynesianism across Nations*. Princeton UP.

Peter Gourevitch (1986) *Politics in Hard Times: comparative responses to international economic crises*. Cornell UP.

Blyth, Mark (2002) *Great Transformations: economic ideas and institutional change in the twentieth century*. Cambridge: Cambridge University Press.

Busch, Andreas (2004) 'National filters: Europeanisation, institutions and discourse in the case of banking regulation,' *West European Politics*, Vol. 27, No. 2, pp. 310-33.

**Week 4: Traditional modes / tactics of regulation**

Baldwin and Cave (1999), Chapter 4

*Further Reading:*

Zysman, J. (1983) *Governments, Markets and Growth* (Ithaca: Cornell University Press).

**Week 5: Newer modes / tactics of regulation**

John Braithwaite (2008) *Regulatory Capitalism: how it works, ideas for making it work better*. Cheltenham: Edward Elgar. Chapters 2, 4 (pp. 32-63, 87-108)

Richard Thaler (2008) Presentation on the book *Nudge: improving decisions about health, wealth and happiness*. (Thaler and Cass Sunstein, Yale UP).

<http://www.ippr.org/events/exchange/?id=3207>

*Further reading:*

Christopher Hood, Henry Rothstein & Robert Baldwin (2001) *The Government of Risk: understanding risk regulation regimes*. Oxford UP.

John Braithwaite (2005) *Markets in Vice, Markets in Virtue*. Oxford UP.

### **Week 6: Independent regulatory agencies and legitimacy**

Mark Thatcher (2002) 'Delegation to Independent Regulatory Agencies: Pressures, Functions and Contextual Mediation,' *West European Politics*, Volume 25, Issue 1, pp. 125 – 147.

Julia Black (2008) 'Constructing and contesting legitimacy and accountability in polycentric regulatory regimes,' *Regulation and Governance* Vol. 2, pp. 137–164.

Martin Lodge (2004) 'Accountability and transparency in regulation: critiques, doctrines and instruments,' in Jacint Jordana & David Levi-Faur, (eds) *The Politics of Regulation: institutions and regulatory reforms for the age of governance*. Edward Elgar, pp. 124- 44.

*Further reading:*

David Held & Mathias König-Archibugi, eds. (2005) *Global Governance and Public Accountability*. Oxford: Blackwell.

Anand Menon; Stephen Weatherill (2008) 'Transnational Legitimacy in a Globalising World: How the European Union Rescues its States,' *West European Politics*, Volume 31, Issue 3 May 2008 , pages 397 – 416.

### **Week 7: Regulatory eras**

Bob Jessop (2006) 'State- and Regulation-theoretical Perspectives on the European Union and the Failure of the Lisbon Agenda,' *Competition & Change*, (June) Vol. 10, No. 2, pp. 141-161.

*Further reading:*

Bob Jessop (2002) *The Future of the Capitalist State*. Cambridge: Polity.

Charlie Dannreuther & Pascal Petit (2006) 'Post-Fordism, Beyond National Models: The Main Challenges for Regulation Theory,' *Competition & Change*, June, Vol. 10 Issue 2, pp. 100-112.

Ronen Palan (2006) 'Is the Competition State the New, Post-Fordist, Mode of Regulation? Regulation Theory from an International Political Economic Perspective,' *Competition & Change*, June, Vol. 10 Issue 2, pp. 246-262.

Henk Overbeek, Bastiaan van Apeldoorn & Andreas Nölke, eds. (2006) *The Transnational Politics of Corporate Governance Regulation*. London: Routledge.

Robert Boyer & Yves Saillard, eds. (1995) *Regulation Theory: the state of the art*. Routledge.

Vogel, S. (1996) *Freer Markets, more Rules: Regulatory Reform in Advanced Industrial Countries* (Ithaca: Cornell University Press).

Peter M. Jackson & Catherine M. Price, eds. (1994) *Privatisation and Regulation: a review of the issues*. London: Longman.

### **Week 8: Varieties of capitalism**

Peter A. Hall and David Soskice (2001) *Varieties of Capitalism: the institutional foundations of comparative advantage*. Oxford UP, Chapter 1 (pp. 1-68).

#### *Further Reading:*

Mark Blyth (2003) 'Same as it never was: temporality and typology in the varieties of capitalism,' *Comparative European Politics* Vol 1, pp. 215-25.

Goodin, Robert E. (2003) 'Choose your capitalism?' *Comparative European Politics*, Vol. 1, pp. 203-13.

Bob Hancke, Martin Rhodes & Mark Thatcher, eds. (2007) *Beyond Varieties of Capitalism: conflict, contradictions and complementarities in the European economy*. Oxford UP.

Colin Crouch (2005) *Capitalist Diversity and Change: recombinant governance and institutional entrepreneurs*. Oxford UP.

Colin Crouch (2005) 'Models of capitalism,' *New Political Economy*, December, Vol. 10 Issue 4, pp. 439-456.

Wolfgang Streeck & Kathleen Thelen, eds. (2005) *Beyond Continuity: institutional change in advanced political economies*. Oxford UP.

Richard Whitley (1999) *Divergent Capitalisms: the social structuring and change of business systems*. Oxford UP.

Colin Crouch & Wolfgang Streeck, eds. (1997) *Political Economy of Modern Capitalism: mapping convergence and diversity*. London: Sage.

J. Rogers Hollingsworth & Robert Boyer, eds. (1997) *Contemporary Capitalism: the embeddedness of institutions*. Cambridge UP.

Martin Marcussen & Lars Bo Kaspersen (2007) 'Globalization and institutional competitiveness,' *Regulation & Governance* Vol. 1, Issue 1, pp. 183-196.