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## **Modeling Globalization from the Bottom Up: A Review Essay of John Braithwaite and Peter Drahos, *Global Business Regulation***

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John Braithwaite and Peter Drahos, *Global Business Regulation*. Cambridge: Cambridge University Press, 2000. 704 pages. \$100.00 cloth; \$37.99 paper.

**H**ere is one picture of globalization: in the film *Hotel Rwanda* (2004), Paul Rusesabagina, entrusted with the protection of a thousand Tutsi refugees who have taken sanctuary in the Hotel Mille Collines, must stave off the Hutu militia that seek to exterminate the “Tutsi cockroaches.” Belgian francs, European liquor, and fashionable jewelry provide the currency to purchase the lives of the condemned Rwandans. Reminders from Rusesabagina to the generals that the Belgians would not like their property to be destroyed restrain the Hutu militia from damaging the hotel and its inhabitants. At one point, when the Hutus demand immediate abandonment of the hotel and the releases of the Tutsi refugees to their slaughter, Rusesabagina quickly calls the CEO of Sabena, the Belgian airline that owns the hotel, and describes the impending purge. A quick phone call from the CEO to the Ministry of Defense in France results in diverting the Hutu troops and sparing the Tutsis at the Hotel Mille Collines for another day (Gourevitch 1998:132–44).

Human lives turned into fungible commodities, former colonial outposts as center stage for violent drama, transnational business entities sparking and mediating ethnic vendettas—these are just some of the hallmarks of globalization. Surprising is the role of one man who seems to orchestrate all of these elements in order to save his fellow countrymen. The story of Rusesabagina is as much about the possibilities of globalization as well as its excesses. Almost mystically, the disease becomes the cure as the modest hotel

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manager plays the various shards of the globalized world against each other in order to ensure escape from local tribalism and into the unmapped promised land beyond.

Braithwaite and Drahos's study of global business regulation is also about the possibilities of globalization. Although their work is narrowly focused on the regulation of business and economic activities, the authors present a tableau of globalization that exposes its logic and provides a blueprint for its management. For those who have lost hope about human agency and individual self-determination as oppositional to multinational corporations and superpower (read U.S.) excesses, Braithwaite and Drahos redefine the human agent in the modern world. Self-consciously opposed to big theories (read Marxism), the social scientist and the law professor remap the history of the commercial world from Roman times to the post-Bretton Woods era to demonstrate the place for consumer activism that restrains concentrated economic and political power. The book is dedicated to Esther Peterson, labor organizer, consumer activist, former Assistant Secretary of Labor under President Kennedy, and Vice-President for Consumer Affairs at Giant Food, Inc. From her varied roles on the ground and in the boardroom, Peterson is the type of leader Braithwaite and Drahos seek to breed through their nearly 700-page tome.

*Global Business Regulation*, with all its theoretical rigor, is basically an empirical book. Regulation is understood through detailed conversations with regulators and the regulated, at both the micro level of corporate boardrooms and the macro level of the nation-state. The authors conclude, evoking a perhaps surprising source:

Like Adam Smith (1776), our empirical findings are that purposive conspiracies by business actors with the resources to enact change are common in shaping regulatory change globally. Equally, we find that purposive model mongering by NGO's to exploit fissures between powerful states and corporations can also shape global change, but against the odds. (p. 601)

Put simply, the Invisible Hand in the globalized world has a discernible outline and form whose actions can be consciously traced through the hallways of the powerful and the back alleys of the preterite. Braithwaite and Drahos trace that outline to create a template for survival and creativity in the modern world. They make globalization bearable, but not acceptable.

A dose of optimism is very gratifying, given the confluence of forces at work today. Although many of the authors' nostrums resonate in economics, their science is far from dismal. The goal is to trace out one possible and pragmatic path as an alternative to the resignation of totalitarian thinking. The result is elegant and promising. But as my fingers grew calloused turning the pages and

my mind became fogged by multiple, nonlinear causal pathways, my thoughts turned to Rusesabagina and his efforts to carve out a niche in a postcolonial world using the tainted markers of globalization: cash, bargaining, and realpolitik. Why, I asked myself, does his ideal resonate more strongly than the path described in *Global Business Regulation*? The answer rests on more than the allure of film over dry academic prose. Rusesabagina's story illustrates the unbreakable connection between commerce and human striving, a connection that Braithwaite and Drahos destroy by a narrow focus on business regulation. The authors' focus creates an incomplete and ultimately unsatisfying picture of globalization, one that, in the end, blunts the sharp edges of the global marketplace while neglecting the human realities and possibilities.

It is easy to appear petulant in attempting to criticize Braithwaite and Drahos's accomplishments. The authors have synthesized a vast range of scholarly literature to construct their vision of globalization. Their construction forces us to rethink our understanding of the global marketplace and the incipient global society. But any good analytical construct provides the tools for its own criticism. By confessing a degree of disappointment in the construct, I do not want to downplay the achievement. The emperor is clothed, but I would have chosen a different outfit.

My review is organized in two parts: the first describes the authors' vision of globalization, the second contrasts it with other visions and possibilities. The last section of the review considers where Braithwaite and Drahos leave us and how to proceed next.

## Projecting Globalization

Braithwaite and Drahos conceive of "the globalization of business regulation broadly as the globalization of the norms, standards, principles, and rules that govern commerce and the globalization of their enforcement" (p. 10). The authors admit to having struggled with the absence of an Austinian sovereign as enforcement mechanism. But after extensive empirical study of regulatory systems ranging from property and contract to environmental controls, the authors conclude that "[g]lobalized rules and principles can be of consequence even if utterly detached from enforcement mechanisms" (p. 10). As a substitute for state enforcement and the incorporation of "norms, standards, principles, and rules" (p. 10) into positive law, the key enforcement mechanism is what Braithwaite and Drahos call "modeling," which is defined as follows:

[G]lobalization of regulation achieved by observational learning with a symbolic content; learning based on conception of action

portrayed in words and images. The latter cognitive content makes modelling more than mere imitation; imitation means one actor matching the actions of another, usually close in time. (p. 25)

The concept of modeling has Gramscian overtones. Global norms, standards, principles, and rules become embedded into practices and behaviors, and consequently imprinted onto the minds of individual actors, whether the CEO of a transactional corporation or the consumer in a local market. The authors' approach, however, is self-described as a "micro-macro theory" (p. 14). Modeling is not developed as a general, overarching theory of globalization. Instead, it provides a framework for the authors to explore through detailed anthropological studies the intricate workings of global business regulation. It is with the book's close attention to the local workings of regulation that the Gramscian overtones cease. The concept of modeling supports the two major contributions of the book: an insightful and provocative description of the mechanisms of globalization and an elaborate presentation of the empirics of regulation in action. I focus on these two contributions in my exposition of the content of *Global Business Regulation*.

In constructing the mechanisms of modeling, the authors acknowledge the influence of Elster, who argued that social science analyses aid in explaining the world through drawing causal mechanisms that link events (p. 15). According to Elster, social scientists cannot and should not seek the general laws that are the holy grail of the natural sciences. Instead, social scientists study the world and develop theories to explain why something happened and to develop, quoting Braithwaite and Drahos, "shortish causal chains which are not generalizable as laws" (p. 15). Natural scientists explain the world to understand the necessary and sufficient conditions that create a natural disaster such as a tsunami. Social scientists, on the other hand, look at particular natural disasters and attempt to explain why information about the disaster was not communicated more quickly and what factors exacerbated the death toll and relief efforts. The theory of the social scientist explains institutional and human relationships and how they operate to produce certain empirical phenomena.

Braithwaite and Drahos's theory of the mechanisms of globalization focuses on "lower order mechanisms," or on the behavior of actors within specific institutional settings, such as a corporate boardroom or a government agency (p. 16). They avoid explaining these mechanisms solely in terms of their functions. While a functionalist approach would explain institutions such as the World Bank or the World Trade Organization (WTO) in terms of the need for global systems to regulate finances or trade, the approach of Braithwaite and Drahos is historical, explaining the creation of

institutions and mechanisms in terms of the intentionality of human agents. The authors “accept the idea of individual actors being the originators of change rather than mere agents of change” (p. 17). They “take seriously the intentionality of agents and the ways in which their beliefs and desires can lead them to change their regulatory worlds” (p. 17). Braithwaite and Drahos eschew approaches that are traditionally functionalist or structuralist as well as ones that are fashionably postmodern or post-structuralist. They can best be described as empiricist, developing social science understandings of globalization from an anthropological and historical study of human actors in diverse regulatory settings. Their theory of globalization mirrors their politics of globalization because their ultimate goal is to present a blueprint for activists to counter the anti-competitive and anti-consumer tendencies of global business.

The authors identify the mechanism of globalization as a non-linear dynamic set in motion by a multitude of actors using the following key processes: “coercion, systems of reward, modelling, reciprocal adjustment, non-reciprocal coordination, and capacity building” (p. 17). The authors define each of these processes with some degree of detail, but one idea percolates through each concept. Globalization is not a unidirectional, totalitarian process, but a web of interactions among a set of actors, which include states, transnationals, CEOs, and activists. The key for social scientists and reformers is to identify these interactions and to determine what role one can play, whether as state actor, corporate director, or consumer, within the rules of the new globalized world. Ultimately, with all their elaborate social scientific language, Braithwaite and Drahos describe globalization in terms of interest group politics, with interests often quite varied and political interactions taking many shapes and directions.

The authors’ key conclusions (totaling 44) illustrate the multifaceted terms of globalization. Among their conclusions is the finding that “[t]here is no master mechanism and little prospect of a parsimonious rational choice account that explains all” (p. 30). The authors do find that, empirically, coercion, whether military or economic, is more effective than reward mechanisms (p. 30). The authors also include that processes of reciprocity are “an important mechanism of regulation” when externalities between countries are reciprocal and that modeling “has been the most consistently important mechanism” (p. 30). Consistent with the multifaceted view of globalization is the authors’ conclusion that “[r]ealist international theory gives a poor account of our data. State power is best understood as constituted by and helping to constitute webs of regulatory influences comprised of many actors wielding mechanisms” (p. 31). Principal actors include NGOs whose “influence has been greatest when it has captured the imagination of mass publics

in powerful states,” such as with the temperance, anti-slavery, labor, women’s, and environmental movements (p. 31).

Most important of the authors’ conclusions are their insights about reform. An important strategy for reformers is to find linkages among the many principles of globalization in order to create levers for change. The authors give the example of Ralph Nader as an actor who was able to “link the intellectual property game of extending pharmaceutical patents to the public health game of affordable health-care and the competition policy game of minimizing monopoly” (p. 32). For those who find the forces of globalization inevitable and unbeatable, Braithwaite and Drahos offer the following insights (perhaps the key insight of the book):

[T]he possibility of the weak prevailing over the strong in the world system is illuminated by marrying Latour’s theory of power and enrolment [*sic*] and Putnam’s theory of global politics as a two-level game (or as an even more nested game). Marrying these with a sociological theory of modelling in the world system reveals a surprisingly potent mechanism for the weak prevailing over the strong. (p. 32)

The authors describe two such potential mechanisms, termed the “proactive and reactive sequences of strategic micro action” (p. 32). Proactive sequences are initiated by “individual entrepreneurship with regulatory innovation,” such as a Ralph Nader, or transnational companies seeking greater intellectual property protection (p. 33). Entrepreneurial energy becomes organized in different possible ways, and the organized power subsequently either models regulatory innovation or moves to globalize costs through the creation of international agencies. Reactive sequences are initiated by a disaster, such as the global AIDS epidemic or a terrorist attack (p. 33). The media hype generated by the disaster stimulates the public into action and triggers entrepreneurial responses and the use of modeling to create reform. The authors’ point in presenting these sequences is to illustrate the prospects for reform in a globalized world and to provide an alternative to critics who see globalization as the end of individual initiative and citizen participation.

While the theoretical discussion constitutes the densest part of the book, most of the pages are devoted to 13 case studies of regulation: property and contract, financial regulation, corporations and securities, trade and competition, labor standards, environmental regulation, nuclear energy, telecommunications, pharmaceuticals, food, sea transport, road transport, and air transport. These case studies are divided into five parts: a historical discussion of global regulation, a description of the key players in the current regulatory landscape, an analysis of the contested principles within

the landscape, a study of the mechanisms through which regulation is implemented and reformed, and a conclusion. Through these case studies, the authors illustrate the web of dialogue and influence that constitutes their vision of globalization. I discuss three of these case studies: property and contract, environmental regulation, and pharmaceuticals.

The case study on property and contract demonstrates the strengths of the authors' approach to presenting global business regulation. Beginning with a historical discussion of the development of the private law of property and contract from Roman law to the WTO, the case study expands to discuss the dominant principles informing the globalization of property and contract law: sovereignty versus harmonization of rules, freedom of access versus proprietary rights and government intervention, free trade versus strategic trade policies. Modeling and reciprocal advantage have been important mechanisms for the promulgation of both property and contract law, but with different degrees of success. While property law, and particularly intellectual property law, has been implemented through the mechanisms of coercion, contract law has been implemented through reciprocal adjustment and modeling. Because of these contrasting mechanisms, property law has been implemented in a top-down fashion and contract law in a bottom-up fashion. Consequently, contract law has been easier to implement than property law, with global convergence made possible through international business transactions and the spread of international business custom. Property law, particularly intellectual property law, has not converged as readily largely because of the conflict sovereignty and territorial issues that inform rights in things (p. 87).

Global regulation of the environment and of pharmaceuticals demonstrates the application of Braithwaite and Drahos's method to the globalization of public law. The regulation of the environment and the regulation of pharmaceuticals have two common features. Both implicate the clash between the principles of lowest-cost location and world's best practice, a tension between regulation evolving as a race to the bottom versus a race to the top. Both regimes also are marked by a tension between rule compliance, which leads industry to meet minimal compliance with regulatory standards, and continuous improvement, which permits the standard and compliance to develop over time. In addition, both regulatory systems have been heavily influenced by the United States, which has pushed and blocked key initiatives in the environmental arena and shaped the global debate over trafficking in illegal drugs. Market forces, however, have had contrasting influences in the structure of the two regimes. Environmental regulation has fostered the creation of green markets and has turned

environmental friendliness into a marketable and sometimes bankable commodity. Drug regulation, however, has led to more stringent controls on markets, as with the underground market for illegal drugs or, with the help of intellectual property law, the global market for patented pharmaceuticals. Although the structures of the markets are quite different, global regulation and global commodification have developed in tandem through notable webs of influence (pp. 397–8).

Braithwaite and Drahos conclude their book with a 200-page section that reads as a reprise of their theoretical analysis of globalization and as a blueprint for action. Their chief conclusion is that world history can be understood as a progression of sovereignties, starting with the creation of the nation-state with the crown at the helm, which progressed to the creation of the parliament as the seat of sovereignty (pp. 602–3). The next stage, heralded by the authors, entails sovereignty being shifted to the people (p. 603). In a chapter entitled “A Political Program for Sovereignty Over Global Regulation,” the authors present the following five strategies for strengthening popular sovereignty as a counterweight to the larger forces of globalization:

1. Exploiting strategic trade thinking to divide and conquer business;
2. Harnessing the management philosophy of continuous improvement;
3. Linking [notions of global competitiveness outlined in] Porter’s Competitive Advantage of Nations analysis to best available technology [BAT] and best available practice [BAP] standards;
4. Targeting enforcement on “gatekeepers” within a web of controls–actors with limited self-interest in rule-breaking, but on whom rule-breakers are dependent;
5. Taking frameworks agreements seriously (p. 612).

The authors conclude by discussing in a general way the possibilities of these five strategies to create a genuine and powerful pro-consumer and pro-competition movement at the global level. The goal is to expand the set of interests that are voiced within the dialogic and interest group processes of globalization in order to create a democratic and responsive global community.

### **Contrasting Views of Globalization**

Braithwaite and Drahos’s *Global Business Regulation* is a masterful and ambitious book. Part classroom reader, part academic research tool, part blueprint for political action and reform, the text serves many ends and may ultimately be a Rorschach test for



its readers' views about regulation and global politics and economics. For me, the test did not reveal a butterfly but a chrysalis for ways we can understand the beast called globalization. Upon repeated viewings, the authors' gargantuan product comes across like a Hieronymous Bosch tableau, with many startling and delightful details leaving the viewer with a stimulating impression. Two examples illustrate the strength and weakness of the authors' theoretical structure.

In 2003, the Consumer Project on Technology, an NGO led by James Love (an activist Braithwaite and Drahos refer to with approval), brought a lawsuit against several pharmaceutical companies before the South African Competition Commission, alleging that the companies' failure to license the manufacture of their patented AIDS pharmaceuticals constituted an abuse of dominant position in violation of South African unfair competition law (Consumer Project on Technology 2003). I, along with several other professors, served as consultant on the lawsuit, submitting an affidavit with supporting precedent for the Project's claim in U.S. and European competition law. The commission ruled in favor of the Project, ordering the companies to engage in compulsory licensing of their patented pharmaceuticals. Reasonable minds can debate the effectiveness of the lawsuit in combating the AIDS epidemic in South Africa and the merit of compulsory licensing more broadly. However, the lawsuit precisely illustrates the role of NGOs in countering the force of increasingly strong intellectual property rights and the monopolizing tendencies of transnational corporations in the modern global economy. As Braithwaite and Drahos predict and propose, the Project successfully pitted the principles of competition and free markets against the counter-principle of proprietary rights and monopoly to reach a pro-consumer result. Globalization is not a monolithic and homogenizing force. Instead, the forces of globalization can also unleash the possibilities of pro-consumer and anti-corporate interests.

Braithwaite and Drahos's approach is less illuminating in explaining the result of the recent decision of the United States Court of Appeals for the Sixth Circuit in *Cuno v. DaimlerChrysler, Inc.* (2004), a case involving a challenge by a citizen's action group headed by Ralph Nader to tax breaks provided by the City of Toledo to DaimlerChrysler to locate a facility in Toledo, Ohio. The Sixth Circuit held that the tax breaks were unconstitutional in violation of the Commerce Clause for favoring out-of-state businesses to in-state businesses in a manner that impeded the flow of commerce. The court, relying on U.S. Supreme Court precedent, accepted the argument that the tax credits given by the city to companies that invested within the city discriminated between in-state and out-of-state businesses and therefore interfered with

interstate commerce and Congress's exclusive authority to regulate commerce between the states (Schroeder 2005:A2).

Despite the rhetoric of interstate commerce, the goal of the citizens' group in bringing the suit was to preserve locally owned businesses against the entry of a large corporation. The suit could be labeled as a response to "Wal-Martization," the handmaiden of globalization. When seen this way, the strategy of the citizens' group is arguably consistent with the Braithwaite and Drahos thesis that globalization allows the empowerment of NGOs to counter larger corporate forces. But is the result of the *Cuno* decision desirable and really consistent with the competitive, pro-consumer principles that Braithwaite and Drahos espouse? By protecting local businesses against entry, the decision seems far from pro-competitive. Furthermore, by basing the decision on the grounds of interstate commerce, the ruling shifts power from local to national government. The decision concentrates economic power in local hands while concentrating political power over commerce in national hands. The result is a disempowerment of local government to regulate local economic affairs.

The point of these two examples is consistent with Braithwaite and Drahos's implicit thesis that globalization is a complex affair, not to be reduced to a simple theory or monolithic vision. Braithwaite and Drahos go further and suggest that globalization unleashes the articulating of a diverse set of interests that seeks to be voiced and empowered through the various political and economic portals that globalization opens. But what becomes lost in the authors' highly analytic approach is a compelling narrative of the driving forces that inform the political and economic processes that contemporary globalization has unleashed. While the authors correctly eschew the postmodern impulse to reduce modernity to a palimpsest of narratives and perspectives, it is still useful to address the many visions of globalization. Given that the authors' primary mission is to demonstrate the possibilities that are open to consumers and reformers, it should strike the reader as odd that the authors leave us with many disparate pictures of regulation and one set of blueprints for activism. With this limitation of *Global Business Regulation* in mind, I end my comments with a discussion of three visions of globalization and their relevance to Braithwaite and Drahos's project: the aesthetic perspective, the cultural perspective, and the economic perspective. Each of these perspectives illustrates one response to globalization, and the three together provide a critique of Braithwaite and Drahos's assumptions about globalization.

Aesthetic perspectives of globalization emphasize the expansive effect of transnational companies and cross-border market exchange on the global landscape. Pessimistic accounts point to the

homogenization of the world theater, with the ubiquity of Western trademarks and products in the public and private places of the formerly colonized (Coombe 1998:229). More challenging are accounts of globalization that attempt to justify contemporary capitalism on aesthetic grounds. For example, Westbrook, in his self-described apology for contemporary capitalism, urges us to accept contemporary orderings along market lines (Westbrook 2004). Evoking Saint Augustine's City of God, which described the possibilities of human redemption by God, Westbrook describes the world created by Bretton Woods as a City of Gold, which provides redemption through a human community based on commerce. Global markets as the basis for ordering human society is as good as it gets, so to speak, where good is not measured in terms of utilitarian calculus or Pareto efficiency. Westbrook's apology for free markets is not based on a naive appeal to economics, but on a recognition of the actual architecture of the modern world and the need to come to terms with it.

Westbrook's perspective urges us to live in this world. The guiding principle is to accept the modern world with a spirit of play. It is the emphasis on active engagement that creates an aesthetic of globalization. The goal is not to trivialize the dilemmas of modernity and the anti-humanistic tendencies of global markets. The aesthetics of globalization asks us to engage in the modern world and not to retreat from it to either some pre-modern ideal or a visceral refusal to accept markets. The point is that markets exist as a mechanism that can provide much good, and the realities of markets mandate creative engagement with the world as it is. Global markets do not represent the best of all possible worlds, but the world as it is. Our choice is to live critically and playfully within the terms of the market defined world (Westbrook 2004:298). Singer (2004), who is more critical of the nation-state than Westbrook, sees ethical possibilities in globalization for empathy beyond national boundaries. Sen (1999) contends with the place of freedom in economic development in a globalized world. While Sen is more critical of the global marketplace than either Westbrook or Singer, the three authors remarkably share a sense of the aesthetic possibilities unleashed by globalization.

The problem with the aesthetic perspective is that it can dangerously present an ahistorical portrait of the modern world. The cultural perspective, on the other hand, acknowledges the reality of markets but recognizes that the reality of markets often comes into tension with other historical and sociological realities. Roy (2004) provides a provocative and literary take on the cultural perspective. Stiglitz (2002) presents the cultural and institutional tensions created by globalization from the perspective of a development economist. Giddens (2002) discusses how globalization infiltrates a

range of social and cultural processes. A ground-up view on globalization, one that integrates the historical, political, and legal perspectives is presented by Chua, who recounts the tension between “free market democracy” and “ethnic hatred” (Chua 2003). Whether in the conflict between ethnic Chinese and Filipinos in the Philippines, the Hutu and Tutsi in Rwanda, or the light-skinned and cream-colored citizens of Brazil, ethnic minorities in a position of market dominance are pitted against ethnic majorities in a dependent underclass. This “pigementocracy,” as Chua describes (Chua 2003:57–9), is exacerbated by globalization as market forces tend to increasingly concentrate wealth and democracy challenges to the historic power structure supporting market-dominant ethnic minorities. Free-market democracy is an oxymoron, with free markets and democracy in opposition. Chua traces the tension between markets and democracy through U.S. history, highlighting the contradictions of slavery, Jim Crow, and the welfare state (Chua 2003:189–95). The climax of the argument is to show that in the current globalized economy, Americans themselves are a market-dominant minority (Chua 2003:211). The formula for globalization Chua uncovers is stark: “Take the rawest form of capitalism, slap it together with the rawest form of democracy, and export the two as a package deal to the poorest, most frustrated, most unstable and most desperate countries of the world” (Chua 2003:195).

Westbrook’s aesthetic perspective clashes with Chua’s cultural perspective. The two viewpoints, however, complement each other. Both perspectives are based on an empiricist approach to globalization. Both take the globalized world as it is and endorse critical engagement with, rather than retreat from the terms of modernity. Chua’s cultural perspective provides an important gloss on the aesthetic one, exemplifying the “social understanding of markets” that Westbrook urges. The logic of globalization is the logic of markets, which, according to Westbrook “offers some truth, some sense of social order and hence justice, and some ways in which to feel at home” (Westbrook 2004:299). The cultural perspective deepens this sensibility with a fuller sense of the historical and sociological tensions that urges us to feel perhaps a little less comfortable than Westbrook proposes.

Enhancing the logic of markets with the realities of ethnic and political tension informs what I call the economic perspective on globalization. In describing the economic perspective, I would like to distinguish the *laissez-faire* view of markets and globalization, which adopts a naively optimistic prognosis for free trade, from a richer analytic approach, which places the development of market thinking in a broader political and historic context. The first approach assumes that markets are automatically liberating and fully compatible with human freedom as defined by the pursuit of

wealth. Bhagwati (2004) and Wolf (2004) represent moderate versions of this first approach. The second approach sees the market as a form of institutional design, instrumental to certain human ends, but imperfect. Gomory and Baumol (2000) provide an instructive example of the second approach. Although their method is analytical and mathematical, rather than historical, the authors demonstrate the fallacy of the laissez-faire perspective. Resting on the assumption that trade and production patterns are a result of the global distribution of natural resources, the classic theory of free trade supports the conclusion that open markets will lead to the maximization of global wealth and the wealth of each trading nation (Gomory & Baumol 2000:5–6).

Gomory and Baumol challenge this assumption. Instead, in industrialized economies, where economies of scale and movement of capital and labor are prevalent, the key determination of economic success and trade patterns is, what the authors term, the “retainability” of industry (2000:16–8). For Gomory and Baumol, the hallmark of globalization is conflict between nations over the retention and fostering of industrial resources, including capital and jobs (2000:57–8). The authors’ theory explains why the transition to globalized free trade has been fraught with conflict and is not the frictionless path to riches that classic theory predicts.

The economic perspective of globalization, as represented by Gomory and Baumol, recognizes that the globalized world is one of conflict of interest (2000:59). The aesthetic play of globalization is one of political and economic struggle, and the cultural battles a reflection of interest group politics acted out on the global stage. Markets serve as a means of organizing such conflict, but in an imperfect way that not only channels hostilities into the pursuit of wealth, but also generates new hostilities between the successful and the preterite. The economic perspective, the aesthetic perspective, and the cultural perspective interact to present a complete vision of globalization, one that illuminates the imperfections of the modern world while launching new possibilities.

So where does Briathwaite and Drahos’s work fit among these perspectives? Their perspective overlaps largely with the economic approach, and their goal is to make apparent the array of interests that are in conflict in the modern world and to explain the manner in which these conflicts are resolved through the construction of global business regulation. Their approach also has an aesthetic dimension, specifically in demonstrating the possibilities of human agency and activism as a counterforce to the homogenizing tendencies of global trade. The authors’ appeal to anthropological method finally demonstrates a concern with culture, although not the ethnic dimensions of globalization. Part economic, part aesthetic, part cultural, the portrait of globalization painted in *Global*

*Business Regulation* ultimately fails to cohere. The reader is left with a picture of liberal interest group politics that is now performing on the world stage. While having an alternative to a pessimistic account of globalization is invaluable, the lack of a broader narrative is unsatisfying. As a substitute is the knowledge that there is possible room for participation in a world of globalization and a sense of the many pieces that constitute the global marketplace without a sense of the whole.

## **The Road Ahead for Global Business Regulation**

Following Gramsci, Braithwaite and Drahos's study of global business regulation demonstrates "the pessimism of the intellect" and "the optimism of the will" (Gramsci 1992:12). The invisible hand of the global marketplace undermines individual feelings of agency among intellectuals, consumers, workers, and reformers. Braithwaite and Drahos provide a countermeasure to these feelings by illuminating a path for individual action. The path is paved with a macro-micro model, part economics, part anthropology, part political science, that describes the structure and dynamic of regulation. The authors are successful in expressing the possibilities for action in a global free trade environment. But the view of globalization represented is an elusive phantom that may leave one asking for what purpose and for whose ends we are acting.

Popular culture representations of globalization can be subtle and complex, as the discussion of *Hotel Rwanda* at the beginning of this article suggests. Such popular culture looks at globalization to integrate the economic, aesthetic, and the cultural in a way that resonates in some ways more strongly than the social scientific approach illustrated by Braithwaite and Drahos. Of course, popular culture lacks the analytic rigor and the empirical traction of *Global Business Regulation*. The challenge for scholars, activists, and other citizens of the global order is to synthesize the varied perspectives in a way that makes the modern world tolerable, understandable, and livable.

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