Corporate law is Allen Chair topic

What are the forces at work reshaping the American invention of the corporation? What corporate structure will be necessary in an era of global markets?

Five distinguished visiting scholars shared their views on "The American Corporation in the Twenty-First Century" this spring through the George E. Allen Chair in Law. The theme focused on various aspects of corporate governance and corporate law.

"In preparing our students for practice in the area of corporate law, we have to provide them not with a static understanding of that law, but with a dynamic one which will serve them well into the next century," says Azizah Y. al-Hibri, associate professor of law and 1997 Allen Chair Professor.

The plight of late-career workers in corporate downsizing was the first issue in the series, addressed by Marleen A. O'Connor, professor of law at Stetson College.

"Firms, for the most part, still seek to nurture a core group of workers, but increasingly, they are relying upon contingent workers," O'Connor said.

" Downsizing has totally dismantled some strongly held business practices that had developed since World War II," O'Connor said. "We see that the social compact that existed between corporations and workers has fundamentally changed.

"I'm going to argue that [senior employees] live by the model 'be loyal to the corporation' and perhaps we should use fiduciary law to require that the corporation be loyal to them," she said.

George G. Triantis, professor of law at the University of Virginia and a specialist in commercial law, discussed the motivational implications of debt financing. This attention to psychological issues represents a new trend for Professor Triantis, who belongs to the Law and Economics school of thought.

Mark Roe, professor of law at Columbia University, discussed political backlash and the corporation. He addressed "the interplay between politics' potential to disrupt markets and markets' potential to disrupt politics."

In his remarks, Roe contrasted two different models of corporations: an efficient corporation that creates instability and a smaller-scaled corporate environment that is not as efficient but more stable.

He applied the potential for backlash and turmoil to two corporate law institutions: hostile takeovers and Chapter 11 of the American bankruptcy laws.

He suggested that the media saliency of these institutions causes the potential backlash problem.

Ronald J. Gilson, professor of law at Columbia University and Stanford University, compared banks and stock markets in a discussion of how best to structure a capital market. The distinction between banks and stock markets was balanced against the historical and political contingencies of each.

"The United States with a stock market-centered system has a vibrant venture capital market," Gilson said. "Germany and Japan, with bank-centered systems, do not." This debate is much more prevalent in Europe, he said.

The role of corporate law in the context of the new economic order was the topic of Jeffrey N. Gordon, professor of law at Columbia University. Corporate law and corporate governance are influential in terms of the impact they have on the new economic order, he said. Gordon also discussed the role of employees in the new economic order and the economic insecurities they may encounter.

The visiting scholars interacted with students and faculty through faculty colloquies and seminar classes. The Allen Chair was established to honor the late George E. Allen by his sons, the late George E. Allen Jr., L'36; Ashby B. Allen, R'43; and Wilbur Allen.

An upcoming issue of the University of Richmond Law Review will contain the lecture series material.

-Jose Aponte, L'97