

Voluntary Disruptions: International Soft Law, Finance and Power

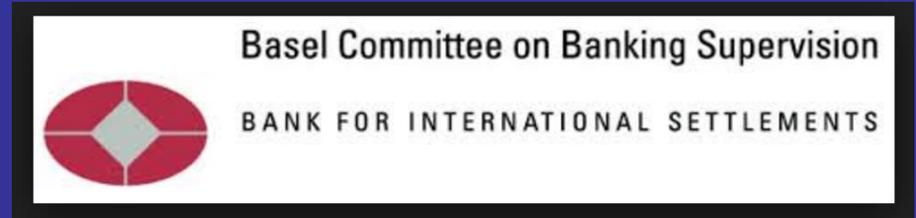
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Proliferation of Soft Law



The mark of
responsible forestry



States and Market Actors Take It Seriously



What is Soft Law? Existing Definitions

- Not Law?
- Not a Treaty?
- Not Binding?
- Less delegated, less precise, fewer obligations (Abbott and Snidal 2000)

What is Soft Law?

Our Minimalist Definition

- *a set of codified advisory principles that do not include mutually agreed obligations*

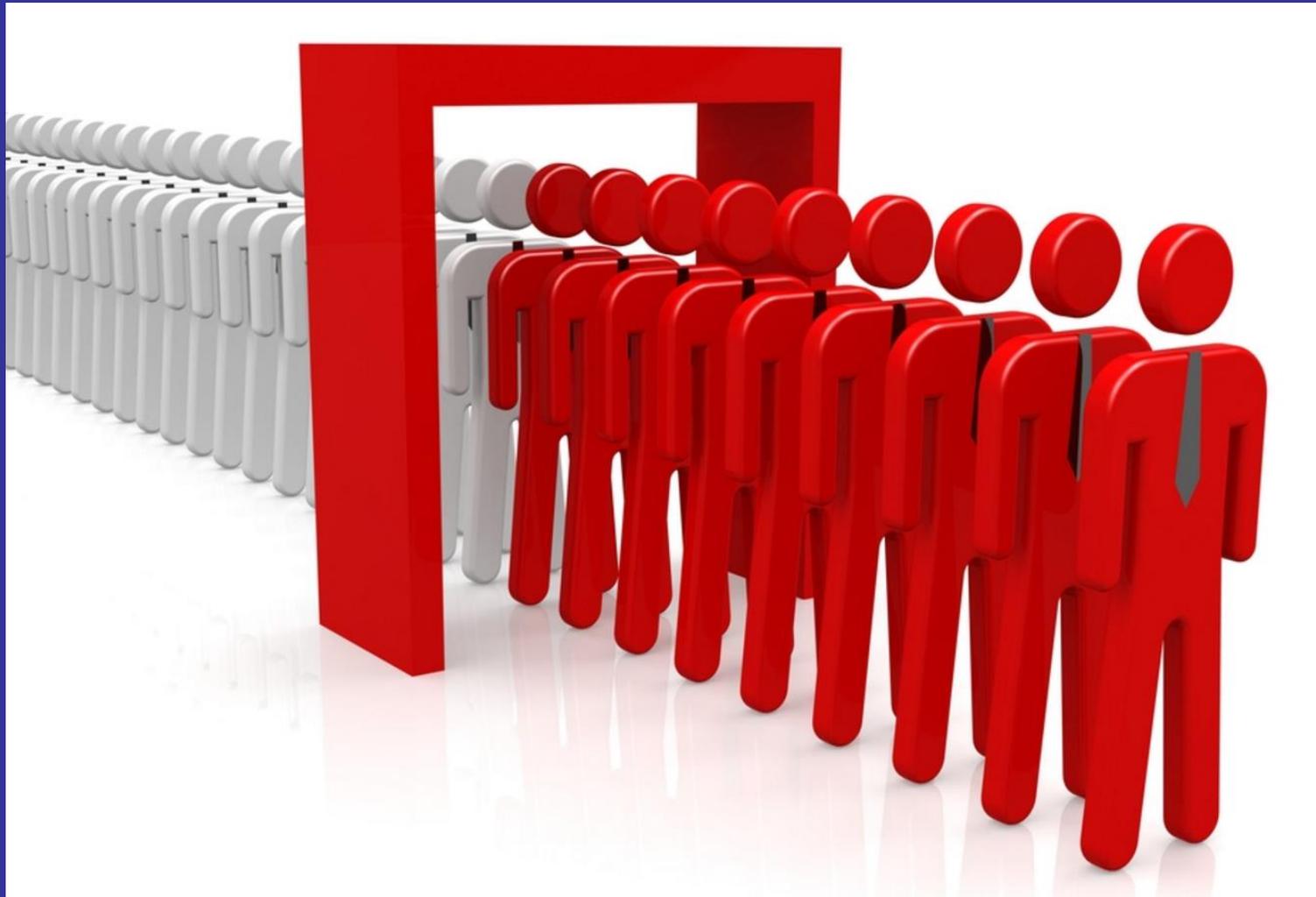
Round I: Soft Law as Solving Problems/Compliance

Soft Law as Focal Point



Our Approach: Soft Law in Time

A Site of Endogenous Change



Translate Comparative Insights for Transnational Context



Political Resource for Disruption

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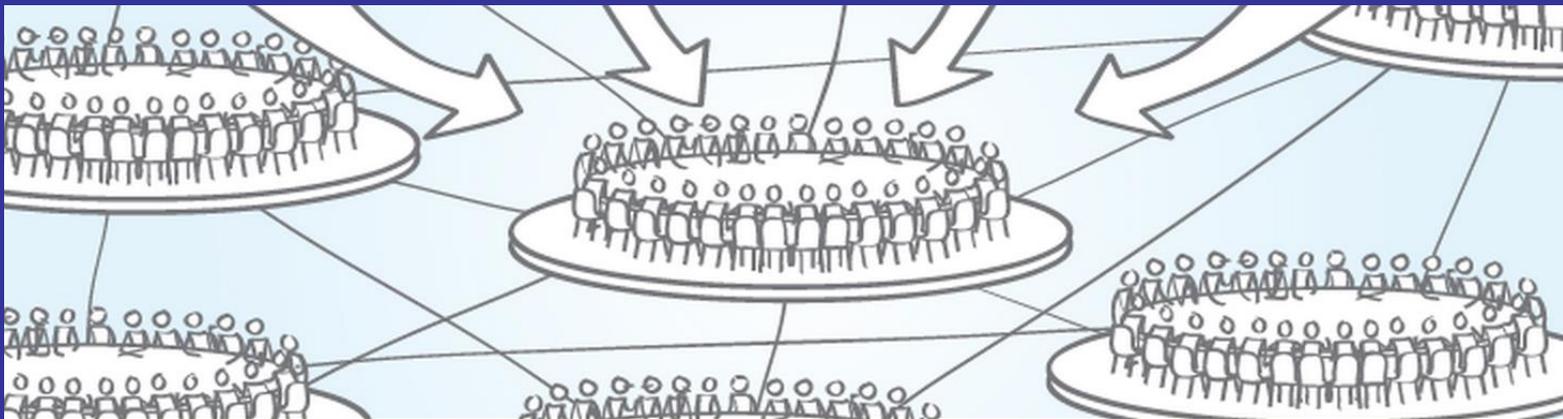
- In any jurisdiction there are change and status quo factions
- Soft law offers a new political resource to advantage one group over the other
- This can alter domestic preferences and in turn alter support or opposition for global rules

Legitimacy Claims

- Expertise
- Neutral rules
- There is an alternative

Arena Expansion

- New Sites of Contention



Legitimacy Claims and US-EU Preference Convergence in Finance

Significant Post Crisis Cooperation



Soft Law and Cooperation

| | Does transnational soft law exist prior to EU efforts to harmonize? | Does EU harmonize? | Is there transatlantic alignment? |
|-----------------------|---|--------------------|-----------------------------------|
| Accounting Standards | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> |
| Capital Reserves | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> |
| Conglomerates | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> |
| Financial Instruments | No | Yes | Yes |
| Insurance | No | Yes | No |
| Company Law | No | No | No |

Conclusions

- Soft law and distributional politics – structuring politics, not just coordination
- Temporal analysis and soft law
- Embedding domestic and international politics in each other
- Answering real world puzzles – Why soft law may not always solve problems of systemic risk