A member of the Pace Law School faculty since 2004, Professor Darren Rosenblum has focused his scholarship on comparative corporate governance and international gender equality. From July to December 2011, he served as the Fulbright Research Scholar at the Faculté de Droit et de Science Politique at the Université de Versailles St Quentin en Yvelines.

He earned his B.A. (in Philosophy and French) and J.D. from the University of Pennsylvania and a degree in International Affairs at Columbia University. Professor Rosenblum has lectured and taught in Spanish, Portuguese, and French in Argentina, Brazil, Canada, Chile, Colombia, France, Germany, Peru, and in the United States. He teaches Corporations, International Business Transactions, Contracts, and a seminar on gender equality. Professor Rosenblum recently was named faculty liaison to the Institute of International Commercial Law. In that capacity he will integrate the workings of the Institute with the scholarship and workings of the Law School.

We had a chance to chat with Professor Rosenblum about his Fulbright research and corporate board gender equality.

Q: You recently returned from your Fulbright in France where you researched at length the issue of gender equity – or rather, inequity – on corporate boards and the methods used to correct this. How was that experience?

A: It was an amazing experience for me to be able to perform the comparative research on French law in Paris and interview so many people to acquire a real close understanding of the French corporate structure and even of the French social hierarchy.

Q: So let’s delve into the outcome of your research. What spurred the creation of corporate board sex quotas in Europe? To what do you attribute this remarkable spread?

A: There is vast inequality on corporate boards not just in Europe but here as well, so I think there’s an awareness that the glass ceiling wasn’t budging at all – that women were getting into higher levels of management, but not getting into the next level. Norway adopted a quota in 2004 to take effect fully on January 1, 2008. After the law took effect, the French legislators became more acutely aware of the need to adopt such a law and this approach became more accepted to level the playing field.
Q: Will other countries follow Norway and France?

A: Other countries are certainly looking at quotas, but might end up adopting other sorts of remedies like reporting requirements to establish a pipeline for women to break into upper management. In Germany, there’s some discussion of an option of a quota, but that may be very difficult to pass – as of now the prime minister does not support it. The European level holds more promise in the near future. However, there is an awareness of the acute needs of the problem and this is a fairly discrete but important way to address it.

Q: What has been the effect of the quotas? Are corporations complying?

A: I think that the law has already had substantial impact on the CAC 40 companies – the French equivalent of the Dow Jones Industrial Average. I met with and interviewed board members of over ten of these companies and my impression is that many of the corporations are complying with the first level of requirements – which is 20% minimum representation by 2014. There is evidence already of a shift with female representation on corporate boards and more than a little bit of pressure, in fact, to find women who will be a good fit on the various boards.

Q: Given globalization, what effect do you predict European quotas could have on business in the US? Have you observed any impacts yet in the US?

A: I think there are two impacts: one is that because globalization is such a dominant factor in our financial corporate realities that I think corporations in the United States are aware that EU companies are paying a lot of attention to gender equality and corporate governance. There is a general awareness that this is something they should focus on as a metric of good corporate governance – to take into account gender equality, to take into account diversity but not at the board level and not at this level of intensity. The other thing is that there are companies that might be the target of acquisition of U.S. companies and vice versa. When there are linkages and partnerships with the U.S. and French or Norwegian companies, then the question of gender and governance is going to come up. Will U.S. subsidiaries comply with EU law or vice versa?

Q: Do you expect American companies to voluntarily follow the lead of Europe? Would the States have to pass a similar law involving a quota or other regulation?
A: We’ve seen with corporate social responsibility movements that there are often examples of corporations that voluntarily agree to certain things, but do not make shifts in their business model unless that will lead to higher profits. I don’t know whether they will change on their own – they certainly won’t do it quickly. As to whether government would step in is entirely up in the air and in the end, it could vary from state to state because corporations are principally regulated by the individual states.

Faculty Post
Why You Don’t Want the Nobel Prize
BY PROFESSOR BRIDGET J. CRAWFORD

FRENCH WRITER Jean-Paul Sartre famously turned down the Nobel Prize for Literature in 1964. Vietnamese leader Le Duc Tho refused the Nobel Prize for Peace in 1973. Each had philosophical or ethical reasons for declining the honor. Sartre claimed a need for artistic independence, and Tho cited a lack of meaningful peace in Vietnam. When it was announced in 2011 that Dr. Ralph Steinman had won that year’s Nobel Prize in Medicine, his family should have considered a similar refusal, but (admittedly) for far less high-minded reasons. The tax bill will be big. In fact, the tax bill for Dr. Steinman’s heirs will be bigger than any other past, present or future laureate’s. What makes Dr. Steinman’s case so unusual? He died before he could collect the prize. That created an unusual tax problem that causes the prize money to be subject to taxation at particularly high rates.

At the time the prize committee decided to award the prize to Dr. Steinman, the committee members were not aware of Steinman’s death three days earlier. According to the rules of the Nobel Foundation, “work produced by a person since deceased shall not be considered for an award. If, however, a prize winner dies before he has received the prize, then the prize may be presented.” According to press reports, though, the Nobel Committee decided pay the prize money to Dr. Steinman’s “heirs,” despite the rule. As a technical, legal matter, the payment likely will be made to his estate. Dr. Steinman’s heirs will receive a passive right to income (i.e., the prize money), and not property itself, and only because Dr. Steinman is not alive to receive it. There is a strong chance that the Internal Revenue Service will seek to treat this as “income in respect of a decedent,” which is just about the worst kind of income to have, from a tax perspective.

Had Dr. Steinman survived to receive the award, he would have been required to pay income tax on it. The value of the Nobel Prize is 10 million Swedish crowns, or about $1.46 million dollars. Dr. Steinman shared the prize one-half with two other scientists, so his share is worth approximately $730,000, and the income tax bill would have been (roughly) $260,000 in tax on that prize. But because of the voluntary payment by the Nobel Committee, and the likely characterization of the payment as “income in respect of a decedent,” Dr. Steinman’s heirs may face a tax bill that might be double that amount.

Is this result fair? Maybe not. But it’s unlikely that the tax law will change to address such a narrow situation. As a practical matter, this is acceptable. The tax law provides no disincentive to those who do the daily work to achieve peace, justice, scientific breakthroughs, and artistic excellence. Extraordinary human beings – many of them our alumni, students, colleagues, friends, neighbors, and family members – will continue to do extraordinary work, without a thought of the Nobel Prize. And at least for tax reasons, you wouldn’t want it anyway.

ONLINE EXTRA