

NEWSROOM

Professor Martin Gelter Wins Allen & Overy Law Prize

May 30, 2013

Fordham Law Professor [Martin Gelter's](#) paper "[The Pension System and the Rise of Shareholder Primacy](#)" won the 2013 Allen & Overy Law Prize this month.

The Allen & Overy Prize, awarded annually since 2005 by the European Corporate Governance Institute (ECGI), is given to the best paper in ECGI's Working Paper Series in Law. The prize was awarded at the ECGI's general assembly in Dublin on May 16, 2013.

Gelter's paper explores the influence of the pension system on corporate governance, which has heretofore received little attention in corporate law scholarship. The paper suggests a connection among well-documented trends in the pension system, namely the shift from defined-benefit plans to defined-contribution plans that began in the 1970s and changes in corporate governance. Corporate America underwent a transition toward a dominant norm of shareholder wealth maximization during the past decades after having been characterized by managerial capitalism during the 1950s and 60s. While in traditional pension plans workers depended primarily on their employer's ability to fund pensions, in today's system retirement benefits strongly depend on capital markets. Shareholder wealth thus became more important for larger segments of society, and pro-shareholder policies became more important relative to pro-labor policies that strengthen employees' position vis-à-vis their employer.



Peter Myners, Counsel, Allen & Overy Luxembourg and Professor Martin Gelter

Gelter argues that this shift has resulted in changes to the political economy of corporate governance, as pro-shareholder reforms have been introduced to the political agenda of the center-left and the middle class and as the attitudes of unions have changed. In other developed economies (such as those of Continental Europe and Japan), workers depend on capital markets for their retirement to a much smaller degree than in the United States, which may help to explain why corporate governance in these countries is less focused on shareholder wealth maximization.

Based in Brussels, the European Corporate Governance Institute (ECGI) is an international scientific nonprofit association that seeks to provide a forum for debate and dialogue between academics, legislators, and practitioners, focusing on major corporate governance issues. In seeking to achieve its aim of improving corporate governance, it attempts to act as a focal point for academics working on corporate governance in Europe and elsewhere, encouraging the interaction among different disciplines, such as economics, law, finance, and management. It currently has 36 institutional members, 224 ordinary members, 204 academic members, and 169 research members (ECGI Fellows and ECGI Research Associates).

Gelter is an Associate Professor of Law at Fordham Law. The ECGI Working Paper Series is open only to research members of the institute, all of whom are recognized academics working in the area of corporate governance. Gelter was appointed a Research Associate in 2006. His research interests include (comparative) corporate governance, corporate law, accounting law, and economic analysis of law.

The article appeared in the ECGI's (as well as Fordham's) Law Working Paper Series in June 2012. A revised and updated version will be published in the *Seton Hall Law Review* in summer 2013. The paper can be downloaded at <http://ssrn.com/abstract=2079607>.