LEGAL EDUCATION FAILURES, SPONTANEOUS BYPASSES, AND THE REPRODUCTION OF HIERARCHY IN BRAZIL: SOME PRELIMINARY THOUGHTS

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INTRODUCTION

In Prado and Trebilcock’s book, Institutional Bypasses: A Strategy to Promote Reforms for Development, the authors identify what they call a spontaneous bypass. These are alternatives that emerge as decentralized individuals and groups look for substitutes for a system that is not working as it could or should. Although these spontaneous bypasses - often called “workarounds” - are created as uncoordinated solutions, collectively they offer alternative pathways to dysfunctional institutions. By looking at ways people have sought to work around such roadblocks to development, the authors suggest, we can better understand the dynamics of a dysfunctional system and find ideas that might be used for reform.

In Brazil we might see training in law schools for advanced corporate law practice as a suboptimal system surrounded by several bypasses or “workarounds”. In this paper, we identify this as another potential case study, in addition to the ones discussed in the book, analyze its (perverse) implications and outline a possible research project on this topic.

2. THE PROBLEM

Brazil, like other large emerging economies, went through a major economic shift starting in the 1990s. Brazil opened its economy, privatized many state owned enterprises, and welcomed foreign capital. To carry out that shift, new laws were created and new regulatory bodies established. The opening brought more foreign firms into the Brazilian market and involved more Brazilian firms in international transactions.

1 In the authors words: “spontaneous bypasses are scattered and uncoordinated solutions that emerge independently of each other but collectively amount to an arrangement that offers an alternative institutional pathway to the dominant system. In contrast to intentional bypasses, which are conscious, centralized, and planned attempts to fix what are perceived as dysfunctionalities in a system, spontaneous bypasses lack the self-declared and official purpose of offering a structural solution to such dysfunctionalities. Instead, they are based on uncoordinated attempts to seek alternatives that will suit particular individuals in a defined context” (Prado and Trebilcock 2019, 97).
Lawyers engaged in the expanded and more globalized Brazilian corporate law market needed new knowledge and new skills. They had to master a new body of law and they needed to learn lawyering skills that were demanded both by global clients and by Brazilian firms who followed their lead. Where was this knowledge and skill training to come from?

One might have thought that Brazilian law schools would modify their curricula and teaching methods to provide some of the needed advanced knowledge and lawyering skills that were demanded by students seeking to enter into the burgeoning corporate law sector. That is, to a large degree, what happened in China after it carried out the kind of economic shift that Brazil went through. But, while the demand for these skills has been strong for several decades, the public law schools in Brazil which train most of lawyers who enter the corporate sector did not make the changes that would have helped those students seeking a career in corporate law firms.

Brazilian legal education has indeed been reformed many times since the creation of Law Schools. Several alterations in the curricula were made through the years: precisely in 1854; 1879 - Free teaching Reform; 1891 - Benjamin Constant Reform; 1895; 1931 - Francisco Campos Reform; 1962 - Minimum Curriculum Reform; 1972 - New Minimum Curriculum Reform; 1994; 2004; 2017 and 2018 (see Rodrigues 2020). Yet there is a consensus among scholars that legal education in Brazil faces a permanent crisis. According to Brazilian scholars, such a critical state is due, on the one hand, to excess of traditionalism, dogmatism and technicism, and, on the other, to the lack of critical thinking. Authors suggest that the solution to Brazilian legal education involves a broader reform, in which an interdisciplinary and critical approach would be implemented along with different classroom dynamics (Mendonça and Adaid 2018). The reason why an all-encompassing reform has not been carried out in the recent years is still to be discovered (who are the ones who resist such a reform? Why do they resist it? Why some topics advance and are transformed into policies and others are still not addressed?).

Although there are few studies that focus on the corporate lawyers training, they mostly agree about the shortcoming of Brazilian Law Schools. Maria da Glória Bonelli (2018) highlights the number of law graduates in Brazil, detailing their professional trajectories: in 2010, there were already 1,300,000 bachelors in law; and in 2016, 956,740 were accredited lawyers (although Brazilian Bar Association estimates that 30% of them do not practice law). Luciana Cunha e José Ghirardi (2018) show that although the number of candidates aspiring to law schools continues to grow, the rates of approval to OAB Exam vary between 14 to 16%. They also mention the resistance to changes imposed by traditional law schools and their effort to maintain their curricula, and teaching methodology. David Wilkins, David Trubek and Bryon Fong (2019, 40) analyze the scenario in India (where, according to the authors, 60-70,000 become law graduate each year), China (where there are currently more than 280,000 bachelors in law), and also in Brazil, stating that:

"Although these numbers seem more than adequate to satisfy the demands of each country’s growing, but nevertheless still small in absolute terms, corporate legal sector, upon closer examination it is clear that this overall growth in the number of students receiving legal education in each country has done little to alleviate the chronic shortage of well-trained corporate lawyers. As all three national reports underscore, the overwhelming majority of these new law schools are of very low quality, at best teaching students how to cram for the bar exam, and at worst simply..."
2. THE SOLUTION: INSTITUTIONAL BYPASSES

While the response by most law schools to the demand for knowledge and skills has been tepid at best, Brazilian lawyers are getting the skills they need to enter the corporate law sector and flourish within it. Students and practicing lawyers in Brazil who aspire to a career in the corporate law sector have received signals that something more than a conventional legal education is needed. And they have sought to gain needed knowledge and skills thought a series of alternative paths. To get the training needed, they employ five “workarounds” that have emerged: by attending a private law school that offers a global business curriculum; by getting internships in elite firms during law school; by getting Professional Masters degrees and attending continuing education courses on business law topics; from foreign LLMs; and through in-house training by the law firms and GC offices (“institutes”). Table 1 lists the workarounds.

Table 1 - Legal Education Workarounds

1. Internships during law school
2. Professional Masters and CLE courses in Brazil
3. Private Law School
4. Foreign LLMs
5. Legal Institutes in Law Firms and GC equivalents

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4 While analyzing the changes in the Brazilian Legal Professions, Bonelli (2019, 13) reports the results of two other studies (Gabbay, Ramos and Sica 2018; Oliveira and Ramos 2018) both of them developed under the Globalization, Lawyers and Emerging Economies Project. In her words: “The main findings show how that change in client profile resulting from market globalization and the internationalization of corporate law practice was reflected in the enactment of new laws pushed by these lawyers. It also stimulated more sophisticated practices, involving international knowledge and expertise on the business of the clientele, particularly large national companies and foreign corporations. Big firms went international, offering services abroad and finding their way into global networks. Meanwhile, foreign firms sought to open branches in the Brazilian legal market. (…) Corporate law practice by the in-house counselor at the legal department of companies is another expanding phenomenon in Brazil, in light of the globalization of markets and its reflexes on professional segmentation. Oliveira and Ramos (2015) analyzed this segment finding 1.032 companies and 800 counselors in their sources. (…) The majority graduated from private Brazilian law schools and 20% of them had some postgraduate studies abroad.”
We can see these workarounds as similar to the bypasses described in the book. From the point of view of those students or recent law grads that are seeking to enter the corporate sector, formal legal education is a dysfunctional system, as it does not offer what is needed to succeed. Like the spontaneous bypasses described in the book, the workarounds have evolved into an alternative educational system. Because this alternative system is similar to spontaneous bypasses described in the book, we can draw Prado and Trebilcock’s bypass theory on it to gain insight into the Brazilian story.

3. THE OUTCOMES
In addition to identifying spontaneous as well as intentional bypasses, the book notes two features of such diversions that are salient for our story. The first is that the emergence of a bypass, spontaneous or otherwise, can send a signal to the bypassed institution that reform is needed and feasible thus impelling reform. The second is that such reforms may be blocked by groups who develop an interest in maintaining the alternative systems.

Has the presence of the workarounds propelled reform in the regular law schools? The workarounds are well known. One private law school has responded to the demand thus showing that it can be done at the first degree level. Members of regular law school faculties may participate in some of the workarounds and have the needed skills and knowledge. If we look at “bypass theory” we might have expected that these developments would have sent a signal to the traditional schools leading them to reform and the workarounds would provide information needed for reform. It would not be hard to develop courses for traditional schools that would provide at least some of the learning available through CLE, Professional Masters, LLMs, and in-house programs. But, to a large degree, the schools haven’t heeded the signals.

Why? This is a complex issue as it involves the whole story of the limits of Brazilian legal education and the difficulty of any reform, in corporate law or otherwise. It is also important to note that relative to the overall Brazilian legal job market, the corporate sector is small and thus students seeking this training are a

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5 “Institutional bypasses offer a reform strategy that may help overcome resistance to reforms, while at the same time allowing for incrementalism, reflexivity, and experimentation in resolving genuine outcome uncertainties” (Prado and Trebilcock 2019, 23).

6 “(…) there are important questions about the potential for these spontaneous institutional bypasses to promote change in the dominant system. To the extent that they are substitutes, these alternative pathways may reduce the probability that users and constituencies will demand sustained attention to deficiencies and reforms of the dominant system. This problem may be especially acute in developing countries where influential constituencies may be the ones benefiting from the alternative pathway. Spontaneous institutional bypasses may also create no obvious incentives for the dominant, pre-existing system to ‘shape-up’ when there are no clear consequences attached to its failure to do so” (Prado and Trebilcock 2019, 130).
minority of all students. Finally, some of the workarounds can provide skills and knowledge that the Brazilian law schools could not offer if they wanted to. For example, foreign LLM’s offer language training and global networking hard to replicate in Brazil; law firm-run Institutes convey firm specific knowledge to recruits.

4. Mapping Potentially Perverse Incentives

Despite the fact that Brazilian law schools could not offer everything offered by the bypasses, we are still left with the question: why have the workarounds failed to stimulate any significant reform in most schools? Can it be, as the authors suggest, that we are looking at one of those spontaneous bypasses that reduce pressure for reform because influential constituencies benefit from the workarounds? That takes us to the central question: If so, what constituencies might actually benefit from these bypasses and thus not be interested in pushing for reform? In this case, we think social class offers a possible explanation. We posit that affluent Brazilians benefit from the current situation and have an interest in maintaining it. As they would be important voices for reform if it suited their needs, this can help explain why so little has been done to change the law schools.

One feature of most of the workarounds is that they cost money while the traditional schools are either free or relatively low cost. So, it is only the relatively affluent who can use most of the workarounds and get both the skills and knowledge demanded by the market and the social status conferred by foreign LLMs. We can show that access to these skills opens the doors of the most prestigious jobs and the most affluent sector of the Bar. We can show that law

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7 The largest group of students are preparing for a career in government. As Bonelli (2018, 7) points out, “the judicial careers nearly tripled in size between 1983 and 2013, rising from 6,057 magistrates to 16,812”; regarding legal education, the author also refer to a study (Fontainha et al. 2015) that highlights the existence of a specific type of ideology, which revolves around the examinations to be admitted in one of the many judicial public careers and not around their institutional projects.

8 The study conducted under the GLEE project by Gabbay, Ramos and Sica (2018) showed that globalization led Brazilian corporate law firms to face not only the demands for greater sophistication and new styles of lawyering but also the need of international training: “For the Brazilian lawyers we interviewed, international training is considered essential for career advancement and firms offer incentives for attorneys to complete a Masters program (LLM) in foreign universities. One respondent suggested that foreign LLMs are becoming the new standard for most lawyers in the corporate law sector and internships are also highly valued (...). This trend is apparent with many firms publicizing the fact that their lawyers have academic and professional experience abroad. Some have internal committees and funding programs aimed at lawyers who are interested in specializing and improving their knowledge in institutions and firms abroad. A Masters degree abroad, previously seen as taking away valuable hours of a dedicated professional from the firm, has turned into a pre-requisite in a complex and globalized world”. The authors also point out the fact that a growing number of Brazilian law firms take part in LLM Job Fairs in the US (especially the ones organized by Columbia University and NYU) in order to recruit
schools can supply some of the needed knowledge but most do not. Is it possible that affluent families who might be agents for change see no need for reforms and may actually benefit from the lack of responsiveness of the schools? Because of the bypasses, children from elite families who can afford the workarounds can acquire the needed skills without change in the law schools. As these skills and status indicators are the keys that open up the highly remunerative jobs in the corporate sector, the system ensures that people from the elite have a leg up in the competition for the top jobs, limiting these jobs to people from a relatively affluent class and maintaining existing hierarchies.

But what about the law firms and GC offices that are hiring people for these jobs? Why aren’t they looking at the bypasses and pushing for reform? To some degree, they bear some of the cost of the workarounds. They are training the interns, running the in-house training programs, and sometimes paying for associates to get LLMs. Why don’t they push for reform of the schools so they have a larger pool of qualified candidates, can find better trained interns, and need to spend less money on LLMs or in-house training?

As we have noted, LLMs and in-house institutes provide things hard to replicate in regular Brazilian law schools: LLMs offer language learning opportunities, cultural experiences and networks; in-house “Institutes” can convey firm-specific knowledge and practices. But nonetheless firms would benefit from more rigorous and selective forms of legal education. So why don’t they pressure the schools to change? Perhaps it seems like too much trouble: the schools are resistant to change of any kind; the number of students seeking corporate careers is small as a percent of all students. As long as the bypasses are doing the job, why expend energy trying to reform the schools? And perhaps the leaders of these firms are happy with the system that maintains the social class they are part of.

What about the leaders of the traditional law schools? Why don’t they see the need for reform? After all, many of them are practicing lawyers themselves and

talented and international trained lawyers. The same pattern is described by Carole Silver (2011) when analyzing the value of American legal education in the hiring processes of international U.S.-based firms: contrasting the Germany case to the Chinese one, the author states that: “The substantial overlap of Chinese and U.S.-legal education among the lawyers working in these offices illustrates the importance of U.S. legal education in achieving duality. This is different from Germany, where what is crucial is being a German lawyer. In China, being a Chinese lawyer is not enough for success in the international legal services market. (...) Both Chinese law firms attempting to develop an international clientele and in-house counsel working in China for multinational corporations share the preferences of U.S.-based firms for overseas legal education and practice experience”. For a comparison of Brazil, China and India, see Wilkins, Trubek and Fong (2019).

This system reproduces Brazilian income inequality and diverts resources from domestic reform: over the last decade Brazilians have spent about $7.5 million dollars on LLMs at Harvard alone. Multiply that by what is spent on all the other foreign LLMs: there would be plenty to reform traditional schools with the money left over.
must see the need for the skills that are only available through the bypasses. But maybe that is part of the explanation: if the law school leaders are also partners in the large law firms or work in GC offices that have accepted the status quo, their interests are aligned with the social class that benefits from the system.

5. A HYPOTHESIS

Of course, there are many reasons why traditional schools have been slow to respond to this demand. One is overall bureaucratic inertia: the system resists change of any kind. Another is the relative importance of the corporate sector in comparison with other educational agendas: the number of people seeking this kind of career may be low as a percentage of students enrolled: many more Brazilian law students seek careers in public service than aspire to corporate jobs. Nonetheless, the persistence of bypasses, and the substantial level of resources devoted to them suggest that opportunities are being lost.

While many factors affect the failure to change and the continuation of bypasses, we think that social class is a factor in maintaining the system. The challenge is how to provide evidence that it plays a role, along with other drivers, in maintaining the bypass approach and deterring reform of the law schools. To do that we need to prove that bypasses are important to getting jobs in the elite sector and that people from upper income strata disproportionally use them. There is some evidence on this.

We know that LLMs help students gain access to elite jobs and we suspect that most of the cost of LLMs is borne by the student’s families. With the cost of an LLM equal to two times the annual income of a middle income family, that puts this credential out of sight for all but the most affluent. We suspect that internships in law school go disproportionally to upper class students but this would require further research. But to fully explore this issue, we would need a more detailed assessment of the curricula of major law schools, documentation of the use of bypasses and their cost, and an examination of why firms and law school leaders are not pushing for reform. In the appendix, we sketch the outlines of such a study.

Appendix

A proposal for the study of bypasses and the reproduction of hierarchy

Introduction

Scholarship on Brazilian legal education is extensive and unison in stating its relative failure. The critique to Law Schools in Brazil covers their outdated curricula, excess of dogmatism, lack of critical thinking, the traditionalism

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10 See Oliveira and Ramos 2018; Gabbay, Ramos and Sica 2018; Wilkins, Trubek and Fong 2019; Silver 2011, 2006.
conveyed in their teaching styles, etc.\textsuperscript{11}. This diagnosis is widely known, but little attention has been paid to the workarounds that allow law students and graduates to perform as competent legal experts, especially when their expertise comprises corporate law in the global market.

Corporate lawyering in Brazil has profoundly changed in the last decades (see Cunha, Gabbay et al. 2018). As Wilkins, Trubek and Fong (2019) have demonstrated, in corporate legal ecosystems, three elements are connected: law firms, clients, and legal education. Based on that, one might expect that, in Brazil, changes in law firms engendered by changes in clients’ profile would have caused alteration in the legal education. Contrary to this expectation, Law Schools in Brazil resisted engaging in significant transformation; and yet elite corporate lawyers managed to get the skills and repertoire they needed.

Mariana Mota Prado e Michael Trebilcock’s concept of \textit{spontaneous bypasses} provides an insightful perspective to understand this phenomenon: realizing that individuals creatively come up with solutions that collectively amount to arrangements that offer an alternative institutional pathway to blocked systems, the authors have noticed that although such solutions (i) prove reforms are both needed and feasible, (ii) they can also serve as a way to maintain social hierarchies. In other words, it is possible that workarounds corporate lawyers created in Brazil have reduced the pressure for reforms, as Prado and Trebilcock’s concept indicates, as they form a concise affluent group that have been greatly benefiting from the lack of competition caused by the legal education dysfunctionalities.

That takes us to the central question: \textit{If the workarounds corporate lawyers deploy reduce pressure for reform, as suggested by the authors, what constituencies might actually benefit from these bypasses and thus not be interested in pushing for reform?} Social class is a possible explanation. As mentioned, we believe that affluent Brazilians may benefit from the current situation and have an interest in maintaining it. We then propose an investigation about the relations between social class, bypasses and entrance in elite legal services market that would involve at least five stages, as listed below:

1. Documenting the curricular “gap”: Measuring the gap between what might be possible for law schools to convey and what they currently offer in advanced corporate topics and global lawyering skills.
2. Showing the importance of the bypasses: Mapping typical workarounds and relating them to the access and advancement in elite jobs.

\textsuperscript{11} Although many Brazilian scholars have written about legal education in Brazil throughout the years, most of the Brazilian legal education failure diagnosis was already known in the mid-1980s: to a fully understanding of the mentioned critique, see among others, José Eduardo Faria (2018; 1987), Horácio Wanderlei Rodrigues (1988; 1993; 2000; 2020), Luis Alberto Warat (1972; 1982; 1985; 1996), Roberto Lyra Filho (1980; 1981), Aurélio Wander Bastos (1998), Alberto Venâncio Filho (1977), Joaquim Falcão (1984).
3. Measuring the use of bypasses
To meet the demand: what routes are taken and who takes them?
a) Internships: how are interns selected, what training do they receive, how many stay with the firms?
b) How do interns become associates? What are the career paths associates can take? How do they advance in their career?
c) How do CLE, Masters and Doctoral degrees, and LLMs help them to achieve higher stages?
d) LLMs—how many do LLMs, what do they study, how do they finance the degree, what jobs do they get?
e) Private law schools with business specialization: how many exist and who studies there?
f) Professional Masters and CLE courses—to what degree do they cover advanced corporate topics and who attends those offerings?
g) Who gets access to law firm and GC office institutes and what do they learn?
4. Exploring attitudes toward reform
How do key stakeholders view the need for curricular reform in the law schools and why is there little change?
a) Law school administration
b) Government
c) Bar
d) Employers—elite firms & GCs
e) Students and their families
5. Explaining the continuation of bypasses

Research Design and Methods
The stages listed above imply the research design and the methods that would be necessary. Building upon the previous work developed under the GLEE project, we propose a qualitative investigation that combines documental analysis and interviews with key actors in the Brazilian corporate legal ecosystem. We will seek to document the curricular gap, and to measure and understand the importance of bypasses implementing the following steps:
- Creation of a database on corporate curricula provided by elite traditional Law Schools as well as by CLE and in-house training courses;
- Creation of a database on CVs of elite lawyers; also a database on CVs of unsuccessful applicants to these jobs;
- In-depth interviews with the hiring teams in elite law firms and GC offices;
- In-depth interviews with coordinators of CLE and in-house training courses;
In-depth interviews with 5th-year law students and recent graduates aspiring to elite law firms jobs. Data will be then analyzed through the institutional bypass-theory perspective, and we hope to achieve a better understanding of the complexities that revolve around legal education reforms in Brazil and their obstacles.

REFERENCES


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