SUMMER 2010 WORKSHOP ON BEHAVIORAL/INSTITUTIONAL RESEARCH AND FINANCIAL REGULATION
JUNE 8-9, 2010

SUPPORTED BY THE TOBIN PROJECT, WITH ADDITIONAL SUPPORT FROM THE CLARKE PROGRAM IN EAST ASIAN LAW AND CULTURE
ORGANIZED BY TOM BAKER AND ANNELISE RILES

This by invitation only workshop is a follow-up to a successful meeting on the same topic held at Penn Law School in November, 2009. The aim is to continue and deepen the conversation by 1) fostering a more serious interdisciplinary conversation between legal studies, anthropology and behavioral economics and 2) engaging more actively with relevant members of the policy community.

Recent events in the global financial markets suggest a need for a better understanding of financial institutions and, possibly, a different approach to their regulation. Whatever the outcome of the immediate crisis and response, a more sophisticated understanding of regulation—more empirically rooted in the institutional detail of regulatory practice, more engaged with the full range of theories of market activity and its regulation, and more cognizant of the global nature of markets and their regulation—is needed. The objective of this workshop is to encourage a new stream of scholarship that will help understand, and potentially address, current problems of stability and fairness in the global financial markets.

Toward this end, a small number of legal scholars have begun to conduct more detailed empirical studies of financial regulation—intensive interview-based research and participant-observation that helps to elucidate aspects of market practice that have largely eluded legal analyses of financial markets regulation. At the same time, a number of sociologists, anthropologists and economists specializing in financial markets have begun to take a more fine-grained interest in the details of regulatory practice. At the cross-roads of financial law and regulation, behavioral economics, institutional sociology and the anthropology of finance, a number of critical questions are emerging for analysis:

- How can markets be structured to promote competition that corrects, rather than exploits, behavioral biases? Are there markets that do this? What distinguishes them? What are the limits of market-based debiasing?
- What conditions enable effective regulatory institutions to remain so over time?
- What factors most determine the public credibility of a regulatory agency or strategy?
- How do individual lawmakers or regulators make decisions? What are the institutional features and behavioral biases that undermine, or enhance, their effectiveness?
- How do regulators in different jurisdictions cooperate? What are the key impediments to regulatory cooperation and what solutions are available? Under what conditions is regulatory arbitrage across different jurisdictions most likely to occur?
- What new private regulatory approaches and private-public regulatory coordination are emerging?

This workshop will bring together scholars with detailed knowledge of the financial markets and scholars developing new empirical tools to begin to address these questions and to lay the foundation for a new approach to financial law and regulation.

The objective is to assemble a group of about 25 people for a two day workshop that will include presentations of relevant work in progress, a session on methodological and substantive developments in financial institutions research, and a session with the policymakers on suggested questions and new directions for financial institutions research.