

Justice and Finance

A Workshop of the Global Law in Finance Network

Paris, 10 January 2014

GLawFiN is a network of researchers who are seeking a better understanding of how law relates to finance, to use their insights for analyzing how domestic and global financial markets are constituted, and draw implications from their analyses for questions of justice, democracy, and social welfare. The Network is organized around the “Legal Theory of Finance”. It is the product of a multi-year, interdisciplinary research endeavor, the results of which have recently been published in the *Journal of Contemporary Economics*.

LTF holds that contemporary financial markets are

- legally constructed
- beset by the Law-Finance Paradox
- essentially hybrid; and
- hierarchically organized with law tending to be more elastic at its apex than on its periphery.

GLawFiN sponsors doctoral students who work on specific aspects of the theory as applied to different market segments, and organizes workshops to investigate LTF’s explanatory powers and to deepen it. This, our first annual workshop, is designated to explore the question of Justice and Finance.

This question emerges directly from LTF – but we are still in want of answers. LTF holds that under conditions of uncertainty and liquidity volatility, legally constructed financial markets can lead to their own self-destruction. They are rescued from this fate typically by interventions that suspend the full force of the law or offer liquidity where none is owed. In short, the Law-Finance Paradox is resolved by making law more elastic – and typically at the system’s apex, where its survival is at stake. This intervention by governments or their central banks is predictable as it is inevitable if the current system is to survive. It is also distributional as the suspension of law or the provisioning of liquidity is selective and tends to favor the apex, or core, of the system. This is, where power becomes salient. It is also where questions of justice arise.

The Workshop “Justice and Finance” shall explore such questions by bringing together a small group of academics from philosophy, finance, law, and jurisprudence for a one-day brainstorming event. Invitees are asked to prepare short papers to explain how they approach questions of justice and finance and to critique LTF as a starting point for a new political economy of finance.

The workshop will be attended by members of GLawFiN as well as participants in a Winter School on Law and Finance held in Paris from 6-9 January and invited guests.