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**LAW PROFESSOR'S NEW BOOK OUTLINES
ECONOMIC IMPLICATIONS OF DEMOCRATIC GOVERNANCE**

TALLAHASSEE — As the nation looks for ways to stabilize the economy and to bring accountability to financial institutions, Florida State University College of Law Associate Professor of Law and Economics Dino Falaschetti has published a new book about the economic implications of democratic governance.

“Democratic Governance and Economic Performance: How Accountability Can Go Too Far in Politics, Law, and Business” (Springer 2009) provides statistical evidence and case study illustrations to show how demands for increased accountability from our politicians and business managers are going too far — catering to powerful electoral, consumer and shareholder interests while weakening economic performance. The book suggests balancing concerns about political and business agents padding their own pockets with strategies that protect against populist principals doing the same.

“This is an important book for reforming how financial institutions are regulated and corporations are governed in the wake of the great financial market collapse of 2008,” said Vanderbilt Law School’s Margaret Blair, who reviewed the book.

“What if I got to vote on how much to pay you, after you invested a lot of capital and labor into producing something I want? I probably wouldn't pay you enough to consider working for me again,” Falaschetti said. “This example sounds abstract, but is not too far from characterizing important competition policies, as well as other legal and regulatory processes that are subject to political pressure. In the book, I develop a mathematical model of this type of phenomenon, test it using a number of statistical

methods, and consider what it all means for the constant interaction between politics, law and business.”

Falascetti is an empirical economist whose scholarship has concentrated on corporate governance, with special emphasis on executive compensation and the relationship between auditor independence and earnings quality. He is a Campbell National Fellow at Stanford University’s Hoover Institution and previously served the Executive Office of the President as a senior economist for the Council of Economic Advisers.

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