Why Corporate Governance Works Poorly and Why it Matters

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I will argue that the pursuit of "shareholder value" as currently practiced often cause significant harm to shareholders and for society as a whole. Financial crises and corporate scandals are primarily caused by governance and policy failures that allow individuals to benefit while endangering and harming others with effective impunity. The current focus of research and teaching in finance, economics, and law leaves out political economy forces that are key to understanding economic outcomes. The recent scandals involving Wells Fargo Bank illustrate the challenge of compliance and law enforcement for corporations. I will refer to various writings related to governance and banking in recent years and describe work in progress.