

From bubbles, financial and credit crises to regulation: The issue of innovation and the legal nexus

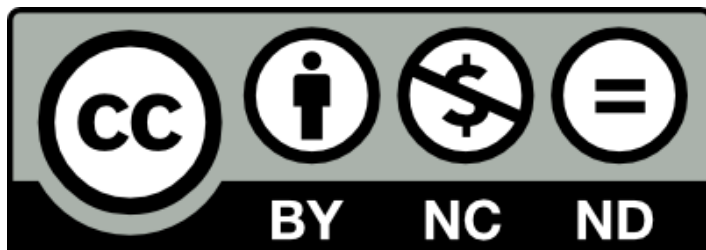
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Abstract

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The current crisis and the Great Depression of the 1930s have several parallels (and differences) that several economists have pointed out. Here what interest me are two common and systemic aspects between the two crises: the emergence of technological, financial, and legal innovations both during the upswing and the downturn and the creation of new regulatory institutions, changing the rules of the game, just after the outset of the recessions.



Extended abstract

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These two aspects: innovation, on the one hand, and regulation, on the other, is at the center of the problems of the crisis and the proposed institutional solutions.

In the present paper, I will analyze the different contexts of the two crises, namely the regulatory setting before and after the onset of the through. I will give special attention to the diverging paths of the legal structure and the financial and technological innovations during the expansion and the breakdown of the system due to the cumulative changes brought by the emergence these innovations and practices, neglecting the institutional setting, The obsolescence of the institutions, regarding the new economic structures, is parallel to the constitution of bubbles, for both cases.

I will develop the differences and the systemic aspects of both financial crises before considering the solutions already proposed or others that merit attention. A central conclusion is the importance of the institutions and the regulatory structure of the sector and their ability to adapt to economic change.