

# Roe honored with 2015 Allen and Overy prize

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Theme: Faculty Scholarship



Credit: Martha Stewart

**Professor Mark J. Roe '75**

On May 8, Harvard Law School Professor **Mark J. Roe**<sup>1</sup> received the **European Corporate Governance Institute**<sup>2</sup> (EGCI) 2015 **Allen & Overy**<sup>3</sup> Working Paper Prize.

The paper, **Structural Corporate Degradation Due to Too-Big-To-Fail Finance**<sup>4</sup>, published in the **University of Pennsylvania Law Review**<sup>5</sup>, examines how and why financial conglomerates that have grown too large to be efficient find themselves free from the standard and internal and external corporate structural pressures push to resize the firm. The too-big-to-fail funding

boost—from lower financing costs because lenders know that the government is unlikely to let the biggest financial firms fail—shields the financial firm's management from restructuring pressures. The boost's shielding properties are like corporate "poison pills" for industrial firms, which often shielded managers and boards from industrial restructurings in the 1980s and afterwards. But unlike the conventional pill, the impact of the too-big-to-fail funding boost reduces the incentives of insiders to restructure the firm, not just outsiders. These weakened

restructuring incentives weaken both the largest financial firms and the financial system overall, making it more susceptible to crises. The article predicts that if and when too-big-to-fail subsidies diminish, the largest financial firms will face strong pressures to restructure.

The paper has also been selected one of the ten Best Corporate and Securities Articles of 2014. The list is based on a poll of law professors in corporate and securities law who vote on the best papers from a list 560 articles.

“It’s gratifying to be honored by academic peers and the ECGI,” said Professor Roe who received the award at a ceremony in Oslo.

Roe was a visiting professor at the law school in 1999-2001 and joined the Harvard Law School faculty in 2001. He teaches corporate law and bankruptcy courses.

Roe has written or edited several books, including “Bankruptcy and Corporate Reorganization: Legal and Financial Materials” (Thomson Reuters/Foundation Press 3d ed. 2011), “Convergence and Persistence in Corporate Governance Systems” (Cambridge University Press, 2004), “Political Determinants of Corporate Governance” (Oxford, 2003), and “Strong Managers, Weak Owners” (Princeton 1994).

Professor Roe has consistently ranked in the top 20 of the **Social Science Research Network**<sup>6</sup>s (SSRN) list of the 100 most-cited law professors (in all legal areas). He was inducted as a fellow of the American College of Bankruptcy in 2014 and elected a member of the American Academy of Arts and Sciences in 2009.

The European Corporate Governance Institute (ECGI) is an international scientific non-profit association. Founded in 2002, it was established to improve corporate governance through fostering independent scientific research and related activities and provides a forum for debate and dialogue between academics, legislators and practitioners on major corporate governance issues. Allen & Overy, the ECGI’s prize sponsor, is a multinational law firm headquartered in London with 46 offices in 32 countries.



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