

The Limits of Interest: Moral Economy and Public Engagement in the Regulation of Derivatives in the United States

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Abstract: This article analyzes the public comments submitted to the Commodity Futures Trading Commission (CFTC), 2010-2014, in response to proposed rules for implementing the Dodd-Frank reforms. By combining a fine-grained typology of commenting organizations with a topic-modeling approach, we illuminate a new pattern of public engagement in financial regulation. Contrary to regulatory capture, our data show little support for a sharp divide between the suppliers of complex derivatives (the dealer banks) and their customers in other parts of the finance industry. Contrary to strong theories of financialization, our data show sharply demarcated evidence of a convergence between the banks and other sectors. Instead, the comments submitted to the CFTC demonstrate that commenting actors use distinct idioms to explain their preferences. Commenters from the financial services and allied sectors consistently adopt a language of technical legitimation. Commenters in agriculture, livestock, retail energy, and many non-market organizations all adopt a language of moral justification. The clarity of the divide between these two idioms indicates that the fundamental integrity and purposes of market competition are now subject to debate. Even in the realm of esoteric financial instruments such as derivatives, the moral economy of capitalism is once again being questioned and reassessed.

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