

Full Disclosure

The Perils and Promise of Transparency

ARCHON FUNG

John E Kennedy School of Government,
Harvard University

MARY GRAHAM

John F. Kennedy School of Government,
Harvard University

DAVID WEIL

Boston University School of Management

O
CAMBRIDGE
UNIVERSITY PRESS

Contents

<i>List of Figures and Tables</i>	<i>page</i> x
<i>Preface</i>	xi
1 Governance by Transparency	1
The New Power of Information	1
Transparency Informs Choice	5
Transparency as Missed Opportunity	7
A Real-Time Experiment	10
Transparency Success and Failure	14
How the Book Is Organized	15
2 An Unlikely Policy Innovation	19
An Unplanned Invention	20
The Struggle Toward Openness	24
Why Disclosure?	30
3 Designing Transparency Policies	35
Improving On-the-Job Safety: One Goal, Many Methods	35
Disclosure-to Create Incentives for Change	37
What Targeted Transparency Policies Have in Common	39
Standards, Market Incentives, or Targeted Transparency?	46
4 What Makes Transparency Work?	50
A Complex Chain Reaction	51
New Information Embedded in User Decisions	54
New Information Embedded in Discloser Decisions	65

Obstacles: Preferences, Biases, and Games	71
How Do Transparency Policies Measure. Up?	74
Crafting Effective Transparency Policies	90
5 What Makes Transparency Sustainable?	106
Crisis Drives Financial Disclosure Improvements	107
Sustainable Policies	109
The Politics of Disclosure	110
Humble Beginnings: Prospects for Sustainable Transparency	112
• Two Illustrations *	115
Shifting Conditions Drive Changes in Sustainability	118
6 International Transparency	127
How Do International Transparency Policies Work?	129
Why Now?	130
From Private Committee to Public Mandate: International Corporate Financial Reporting	133
Improving a Moribund System: International Disease Reporting	141
The Limits of International Transparency: Labeling Genetically Modified Foods,	145
7 Toward Collaborative Transparency	151
Innovation at the Edge	152
Technology Expands Capacities of Users, Disclosers, and Government	154
Four Emerging Policies	158
Challenges to Collaborative Transparency	164
New Roles for Users, Disclosers, and Government	166
Looking Ahead: Complementary Generations of Transparency	169
8 Targeted Transparency in the Information Age	170
Two Possible Futures	171
When Transparency Won't Work	173
Crafting Effective Policies	176
The Road Ahead	180

Appendix: Eighteen Major Cases	183
Targeted Transparency in the United States	183
Targeted Transparency in the International Context	208
<i>Notes</i>	217
<i>Bibliography</i>	257
<i>Index</i>	275