

An Introduction

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There were 239 law reviews published in the United States in 1994.¹ These journals published 207,046 pages containing an estimated 1,139,201 footnotes.² Frightening, isn't it? Who reads all this stuff? How much of it makes sense? Do we need 1,139,201 footnotes?³

The world does not seem to suffer from a shortage of law reviews. If anything, with so many law reviews accessible to anyone who cares to read them, any new law review bears a heavy burden in justifying its existence. No doubt, law reviews can (and do) rationalize themselves as tools that train law students. But if a law review is to serve a larger purpose, it must fill a void in "product space." It must offer an intellectually distinctive agenda. It must pose worthwhile questions that have not been asked. It must offer novel solutions that have not been considered. Simply put, there must be a compelling reason to read the new law journal or good cause to write for it.

This challenge is not easily met. Nevertheless, a talented and energetic group of students at Stanford Law School has successfully risen to the task. Perhaps infected by the entrepreneurial spirit of Silicon Valley, a community in which you are nobody unless you are involved in a high-tech start-up, these students recognize that a revolution is afoot in the practice and theory of finance. They also recognize that business is becoming much more "law-intensive." As commerce grows increasingly international, as regulators impose complex new constraints on all forms of business activity, and as the stakes involved in litigation grow to "bet-your-company" extremes, the role of the lawyer as problem-solver, planner, and business counselor becomes all the more essential.

These developments have created a substantial opportunity for a scholarly forum that blends legal, financial, and business developments at the intersection of theory and practice. In the practice of finance, for example, substantial legal inno-

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¹ This number was calculated by computing the number of law reviews available on LEXIS.

² This page estimate was derived by counting the total number of pages in a randomly selected sample of 12.55% of the periodicals listed in LEXIS, *supra*, note 1, and extrapolating from that sample to the entire population. For each journal sampled, we counted the number of footnotes in two articles, calculated the number of footnotes per page, and again extrapolated to the entire population. The sample found an average of 5.47 footnotes per page.

³ Probably not.

vation is necessary before the markets can capitalize on many new financial techniques. For example, the practice of finance often requires that new organizational structures be invented, new transactions be perfected, new legislation be enacted, or that new regulations be promulgated before innovations can achieve full maturity. Viewed from a regulator's perspective, the capital markets' new-found ability to subdivide and reallocate risk and return, as well as the tremendous substitutability engendered by new forms of financial engineering, can cause existing legal regimes to fail their intended purpose. Indeed, in some situations, the revolution in finance has already rendered many regulatory requirements obsolete, and regulators may not be aware of their own regulations' obsolescence. Although private parties may benefit from an ability to avoid legally certain regulations, a policy debate swirls about the consequences of the capacity to avoid national regulatory regimes and to arbitrage transactions across national borders.

Outside the realm of finance, businesses increasingly find themselves embroiled in high stakes litigation demanding a blend of legal savvy and business judgment that transcends the traditional bounds of any one discipline. Similarly, companies seeking to enter new product or geographic markets often learn that a good business plan requires as much legal input as much as engineering or marketing insight. These developments further underscore the value of a multidisciplinary approach that integrates legal theory and practice with developments in business and finance.

The founders of this publication recognize that the rapid confluence of law, business, and finance has created a gap in product space. Despite the hundreds of journals already in existence, not one targets the intersection of these three practically significant and intellectually challenging disciplines. The *Stanford Journal of Law, Business & Finance* seeks to fill that void.

Two additional features of the *Journal* deserve special mention. First, because the most exciting developments at the intersection of law, business, and finance are often manifest in practice before they are reflected in scholarly publications or the case law, the *Journal* plans to publish a series of transactions and litigation case studies. The transactions case studies will report on novel instruments or transactions that shed important light on the evolution of the law in conjunction with developments in business and finance. The litigation case studies will report on developments—including the filing of complaints and the settlement of disputes, and not just the release of appellate decisions—that have significance for practice and scholarship at the intersection of law, business, and finance.

This issue introduces the case study approach with a litigation case study, which explores the difficulties corporate managers face when they balance the need to disclose to analysts with the desire to protect the corporation from lawsuits alleging misstatements of forward-looking information.

Another feature that deserves mention is the *Journal's* plan to publish a regular series of symposia dedicated to topical legislative, regulatory, and academic debates. This inaugural issue contains a symposium on securities litigation reform introduced by the Honorable Arthur Levitt, Chairman of the United States Securities and Exchange Commission. The *Journal's* next issue will contain a symposium on the complex set of legal and financial issues raised by the rapid growth of the derivatives markets.

A more auspicious beginning for a student-edited journal is difficult to imagine. A more talented and hard-working group of students would be hard to find. If a law school is to be known by the imagination, energy, and scholarship of its students, this *Journal* suggests that legal education at Stanford is doing quite well indeed. 