

WTI Special Lecture

Dr Lauge Poulsen, Senior Lecturer and Associate Professor, University College London

Bounded Rationality and Economic Diplomacy: The Politics of Investment Treaties in Developing Countries

Tuesday, 20 September 2016, 17:00 – 18:30

Silva Casa Auditorium, World Trade Institute, University of Bern
Hallerstrasse 6, 3012 Bern, Switzerland

On 20 September, Dr Lauge Poulsen, Senior Lecturer and Associate Professor at University College London, will hold a special afternoon lecture on the spread of investment treaties in the global economic landscape. Dr Poulsen will present the key aspects and most remarkable findings of his recently published [book](#) “*Bounded Rationality and Economic Diplomacy: The Politics of Investment Treaties in Developing Countries*”. We kindly invite you to attend the presentation and participate in the following plenary discussion.

Abstract

Modern investment treaties give private arbitrators power to determine whether governments should pay compensation to foreign investors for a wide range of sovereign acts. In recent years, particularly developing countries have incurred significant liabilities from investment treaty arbitration, which begs the question as to why they signed the treaties in the first place.

This talk will present the results of a large research project, which shows that governments in developing countries typically overestimated the economic benefits of investment treaties and practically ignored their risks. Rooted in insights on bounded rationality from behavioural psychology and economics, the project highlights how policy-makers often relied on inferential shortcuts when assessing the implications of the treaties, which resulted in systematic deviations from fully rational behaviour. This not only sheds new light on one of the most controversial legal regimes

underwriting economic globalization but also provides a novel theoretical account of the often irrational, yet predictable, nature of economic diplomacy.

Biography of the speaker

Lauge Poulsen is a Senior Lecturer (Associate Professor) at University College London. Prior to joining UCL, Dr Poulsen was a Postdoctoral Research Fellow based at the University of Oxford, Nuffield College, where he remains a Senior Research Associate at the Global Economic Governance Program. Dr Poulsen has been a visiting scholar at the Economic Studies Division of the Brookings Institution and the Law Department at the London School of Economics. He has published widely on the politics of foreign investment protection and appeared before committees at the House of Lords, House of Commons, and the European Parliament.

Participation is free of charge.