

Preface ix

**I Setting the Stage 1**

1 Comparing Financial Systems 3

2 The Historical Development of Financial Systems 25

3 Institutions and Markets 47

4 Corporate Governance 79

5 The Limitations of Markets: The Classical View 127

**II Competition Versus Insurance 151**

6 Intertemporal Smoothing 153

7 Information and Resource Allocation 191

8 Competition in Banking 231

9 Financial Crises 271

10 Renegotiation and Relationships 315

**III The Role of the Firm 339**

11 Autonomous, Self-Financing Firms 341

12 Objectives of Firms	375
<b>IV Markets and Intermediaries</b>	<b>401</b>
13 Diversity of Opinion and Resource Allocation	403
14 Costly Markets	439
15 Relationships and Risk Sharing	469
16 Afterword	497
Index	503