

CONTENTS

Foreword by Peter Boettke ix

PART ONE: Why Private Governance?

1. Introduction 3
2. Beyond the Deus ex Machina Theory of Law 9
3. Rules from Voluntary Associations as an Alternative to Coercive Ones:
Governance as a Club Good 21

PART TWO: Privately Governed Markets in History and Modern Times

4. Markets without Enforcement: Reciprocity and Reputation Mechanisms
in the World's First Stock Market 39
5. The Evolution of Rules in Exclusive Clubs: From Coffeehouses to the
London Stock Exchange 61
6. Markets Creating Transparency: Competing Listing and Disclosure
Requirements from the Big Board in New York to the Alternative
Investment Market in London 79
7. How Technologically Advanced Markets Can Work Even When
Fraud Is "Legal": Ex Ante Risk Management by PayPal and Other
Intermediaries 100
8. Bundling Private Governance with Bricks and Mortar: Private Policing
in California, North Carolina, and Beyond 113
9. The Most Personal Form of Private Governance: Individual
Self-Governance 134
10. When Third-Party Review Is "Necessary": Adjudication by
Contract 148
11. Does Private Governance Work in the Most Complex Markets?
Successful Risk Management on Wall Street Even in the Wake
of the 2008 Economic Downturn 165

PART THREE: Lessons of Private Governance

12. The Relationship between Public and Private Governance: Does
the State Help or Crowd Out Good Governance? 193

13. Applying Hayek's Insights about Discovery and Spontaneous Order to Governance	206
14. The Unseen Beauty that Underpins Markets	226
<i>Acknowledgments</i>	237
<i>References</i>	239
<i>Index</i>	269