List of Contents

List of Figures XIV	
List of Tables xv	
List of Abbreviations xvi	
r. INTRODUCTION 1	
2. GERMANY 6	
i. Introduction 6	
ii. Background 6	
iii. Corporate Governance at Work 12	
iv. The Basic Principles 43	
v. The Developing Scene 49	
vi. Envoi 56	
Appendix 2A. Vorstand Rules of Procedure: An example	59
Appendix 2B. Aufsichtsräte of Selected Companies 6	I
3. JAPAN 70 i. Introduction 70 ii. The System at Work 74 iii. Trends and Issues 113	
4. FRANCE 119	
i. Introduction 119	
ii. The Industrial Sector 123	
ii. The Formal Structure of Corporate Governance	128
v. Dynamism and Accountability: An Appreciation	151
v. A Period of Transition 153	

Appendix 4A. France: Structure of Output 155
Appendix 4B. Consolidated Companies of the Paribas
Group 156
Appendix 4C. Shareholder's Proxy Form: An Example 169
Appendix 4D. History of French Banking 171
5. UNITED STATES OF AMERICA 174
i. Introduction 174
ii. The Machine at Work 182
iii. Commentary 220
iv. Developments 226
Appendix 5A. Institutional Investor Holdings in US
Corporations 235
Appendix 5B. Top Fifteen Pension Funds with Investments in
Equities 236
Appendix 5C. Take-over Defences: An Example 238
Appendix 5D. Recommendations of Treadway Commission on
Audit Committees 240
Appendix 5E. Objectives of the United Shareholders
Association 24 I
Appendix 5F. 1991 Target 50 Results 242
Appendix 5G. American Depositary Receipts (ADRs) 244
Appendix 5H. Percentage Holdings by Type of Institutional
Investor 245
Appendix 5J. The Largest Mutual Fund Managers 247
6. THE UNITED KINGDOM 248
i. Background 248
ii. The Machine at Work 260
iii. An Evaluation 319
iv. Review 340
v. Envoi 342
Appendix 6A. The Role of Company Boards 344
Appendix 6B. University of Exeter Survey into Audit Committees

in Financial Institutions

347

7. WHICH SYSTEM IS BEST? 349

Appendix. The Cadbury Code

i. The Code of Best Practice 367

Appendix. ii. Audit Committees 371

List of References and Further Reading 374

Index 381

List of Figures

3.1.	Snareholdings in firms hands	83
3.2.	Equity financing in the 1980s	98
3⋅3⋅	Maturities of outstanding warrant bonds and capital bonds	106
4.1.	The secret restructuring of European financial services	129
6.1.	Diversification reduces risk (standard deviation) rapidly at first, then more slowly	-00
	•	286
6.2.	Typical time horizons by industry	330

List of Tables

2.1.	Personnel link-ups in 1990 between the 100 biggest	
	companies in Germany	25
2.2.	Debt/equity ratio of non-financial enterprises	31
2.3.	Voting holdings of the major German banks, 1986	39
2.4.	Holdings in German corporations held directly by German	
	banks, 1988	40
3.1.	Cross-shareholdings of the six main company groupings	78
3.2.	Numbers of placements of personnel by the big six groupings	78
3.3.	Japanese shareholder meetings	80
3.4.	Equity investments of institutional investors, March 1991	84
	The board composition of certain companies in 1993	86
3.6.	Average age in top management positions, 1975	88
3.7.	Changes in capital structure of large manufacturing companies	99
	Changes in borrowing from main banks	99
	Corporate bankruptcies by sector	102
.10.	Equity financing and investment by major commercial banks	104
	Ownership of common stock	105
4.1.	Comparison of domestic equity markets in London and Paris	124
	Biggest shareholders in the Paribas group	128
	Remuneration of board members	138
	Mergers and acquisitions by French companies	150
4.5	French holdings in UK insurers and fund managers	151
4.j. 6 т	Sources of finance for UK industrial and commercial companies	297
	Market capitalization of quoted companies	301
6.2	Mergers and take-overs of UK companies, 1969–1988	304
v. y.	Mergers and take-overs of ear and a	