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# A HISTORY OF CORPORATE GOVERNANCE AROUND THE WORLD

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FAMILY BUSINESS GROUPS TO PROFESSIONAL MANAGERS

EDITED BY RANDALL K. MORCK

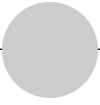
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# **A History of Corporate Governance around the World**



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**A National Bureau  
of Economic Research  
Conference Report**



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# **A History of Corporate Governance around the World**

Family Business Groups to  
Professional Managers

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Edited by

**Randall K. Morck**

**The University of Chicago Press**

Chicago and London

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RANDALL K. MORCK is the Stephen A. Jarislowsky Distinguished Chair in Finance in the Department of Finance and Management Science at the University of Alberta and a research associate at the National Bureau of Economic Research. His publications are numerous and include the NBER volume *Concentrated Corporate Ownership* (2000).

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To the boss



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## Preface

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Let the reader beware that this book differs from most conference volumes, for it is not a collection of more or less independent research articles. Rather, each set of authors was asked to provide a history of corporate governance in a given country, beginning as early as necessary to explain how that country came to its current state. Inevitably, great mercantile families, politics, and institutional development interact. Each chapter went through repeated revisions, as one set of authors embraced ideas raised by another in a long process that ultimately converged on the pages that follow. I am deeply grateful to the esteemed authors and discussants of this volume, some of the world's very best financial economists and economic historians, who took up my challenge to explore this little-known but critically important research frontier. This volume, quite literally, capitalizes thousands of hours of their work.

This volume would have been impossible without the financial support of the University of Alberta School of Business and especially its much acclaimed Centre for Entrepreneurship and Family Enterprise. Logistic and organizational support from the National Bureau of Economic Research was also critical to the project's success, especially to the successful preconference in September 2002 in Cambridge, Massachusetts, and the authors' and discussants' conference at Lake Louise, Alberta, in June 2003. Special thanks are due Helena Fitz-Patrick for stalwartly herding the many busy contributors toward final versions, and to Brett Maranjian for flawlessly organizing the Cambridge and Lake Louise conferences.

Further financial support permitted the presentation of the papers in this volume at a second conference in Fontainebleau, France, in January 2004. For this, many thanks are due the Center for Economic Policy Research (CEPR), the European Corporate Governance Institute (ECGI), and IN-

SEAD. Thanks are due Gordon Redding, Silvia Giacomelli, Rosa Nelly Travino, Javier Suárez, Christine Blondel, Yishay Yafeh, Mark Roe, Erik Berglöf, Bruce Kogut, Ronald Anderson, Enrico Perotti, Xavier Vives, and Sabine Klein for serving as discussants of the papers and discussants at large in Fontainebleau.

The *Times* of London kindly ran synopses of several of the chapters in this volume, and many thanks are due their staff, especially Brian Groom and Paul Betts.

Encouragement throughout from Martin Feldstein, president and CEO of the National Bureau of Economic Research; Michael Percy, the dean of the University of Alberta School of Business; and Lloyd Steier, the director of the Centre for Entrepreneurship and Family Enterprise, was also invaluable. Also providing indispensable help at critical junctures were Marco Becht, director of the European Corporate Governance Institute; Christine Blondel, senior research program manager of INSEAD's Research Initiative for Family Enterprise; Barry Eichengreen, George C. Pardee and Helen N. Pardee Professor of Economics and Political Science at the University of California at Berkeley; Ludo van der Heyden, Wendel Chaired Professor for the Large Family Firm and Solvay Professor in Technology Innovation at INSEAD; and Andrei Shleifer, Whipple V. N. Jones Professor of Economics at Harvard. I am also grateful to Stephen Jarislowsky for his intellectual encouragement and financial support.

Two anonymous manuscript reviewers provided insightful and keenly critical comments that greatly improved many of the chapters, especially those in which I had a hand. More thanks are due Helena Fitz-Patrick of the National Bureau of Economic Research for patiently guiding us all toward publication, and to Peter Cavagnaro of the University of Chicago Press for expertly overseeing the publication process.

Finally, my wife deserves boundless gratitude for her patience and support throughout.