

Contents

List of Figures and Tables vii

1 Introduction 3

Growth versus Stability in Financial Regulation 9

The Argument in Brief 16

Alternative Explanations 21

Decline, Deregulation, and Crises through History 26

The Plan of This Book 35

2 A Theory of Great Deregulations 38

What Is Financial Leadership? 40

The Causes and Consequences of Decline 47

How Do Lead Economies (and Challengers) Respond to Decline? 49

Conclusion 55

3 The Great Deregulation of the 1850s 57

The Origins of the Joint Stock Bank Act 58

Napoléon III and the French Financial Revolution 62

The Turn to Limited Liability in Britain 72

The Spiral 84

Conclusion 92

4 The Interwar Battle for Financial Supremacy 93

The (Financial) Pax Britannica 95

The American Challenge to British Financial Leadership 99

The First World War and British Decline 107

The Gold-Exchange Standard and Britain's Return to Gold 109

From Restoration to Depression 121

Conclusion 127

vi Contents

5	The Great Deregulation of 1980–2000	129
	<i>An Era of Stability: Bretton Woods and the Glass–Steagall Era</i>	132
	<i>Deregulation Stalls, 1980–6</i>	138
	<i>Competitive Challenges</i>	147
	<i>The Rise of Japan</i>	148
	<i>A British Challenge</i>	157
	<i>Competitiveness and the End of Glass–Steagall, 1986–2000</i>	162
	<i>Conclusion</i>	183
6	Conclusion	185
	<i>American Twilight?</i>	190
	<i>Appendix: Distinguishing between Stringent and Lax Regulation</i>	195
	<i>Notes</i>	199
	<i>Works Cited</i>	213
	<i>Index</i>	239