

## Summary

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“Who Listened? Unappreciated Teachings of New Institutional Economics Related to the Financial Crisis of 2008”

Who was listening before the Financial Crisis of 2008 to Arrow’s warnings and the teachings of Coase? Due to transaction costs, incomplete foresight and bounded rationality not all risks that would be desirable to shift can be shifted through the market. Financial firms and other institutions take on part of the burden. To expand the frontier of risk trading requires institutional answers – in particular new forms of credible commitments. Improvements in information technology alone do not do the trick. (JEL D40, E40, E44, G 20, G21, G28, G29)