MANY OF THE INSTITUTIONS THAT SUPPORT MARKETS ARE PROVIDED by the state. The ability of the state to provide these institutions—often referred to as governance—is therefore fundamental to vibrant and broad-based markets. Chapter 5 on Political Institutions and Governance discusses how political institutions shape governance around the world by setting limits on the ability of the state to exercise its power arbitrarily. This broad theme also runs through chapter 6 on The Judicial System, which examines the determinants of the efficiency of the judiciary and emphasizes the importance of judicial accountability and independence from political pressures. Chapter 7 on Competition stresses the central role of competitive pressures in creating well-functioning markets, the institutions that support or undermine competition, and the role of competition in spurring institutional change. Chapter 8 on Regulation of Infrastructure takes up the interplay between competition and regulation in ensuring that the market for infrastructure services operates fairly and is accessible to all.