

Shareholder Democracies? Corporate Governance in Britain and Ireland before 1850

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Every day humans must do three things: convert energy into goods and services, adapt to the natural environment, and accept and manage risk.⁽¹⁾ With rare exceptions this agenda has been addressed through group affiliation whether a simple family unit or institutions that have arisen in step with the development of large-scale social complexity, industrialization and capital accumulation.⁽²⁾ Even God observed that the first man lacked a companion, and humans subsequently learned that in normal circumstances unremitting solitude was not a path to health or survival. Life demanded cooperative, concerted and coordinated action, which as humankind grew in numbers raised the issue of what forms of association were durable, efficacious and contributed to managing risk.⁽³⁾

From the 16th century to the present the legitimacy and sanctity of private property has been a topic of endless discussion that reflected an incremental cultural transformation favouring individual and group aspirations to exploit natural and human resources on a local, regional and global scale, through technology, centralization of power and efficient human associations. In response to concomitant institutional and financial changes, forms of governance emerged in England that reflected specific social and political contexts. After the 1688 Revolution Parliament moved towards a 'more flexible property-rights regime' (p. 7), which under a common-law system fostered economic development through private business schemes. Managing this transition called for appropriate legal restraints on markets, capital mobility and credit, as

well as on property relationships formally expressed in contractual co-partnerships, deeds of settlement, franchises, associations, and incorporated and unincorporated companies.

This legal and institutional panoply of risk management tools exercised through government regulations, parliamentary acts, contracts and agreements required company directors to negotiate shareholder participation in management and to devise strategies that would mitigate financial hazards and satisfy investors' risk preferences. The proliferation of enterprises produced many struggles between managers and owners over the formulation and interpretation of corporate constitutional documents, a phenomenon that paralleled 18th and 19th-century debates about power, agency, representation and accountability in government. Further, the common purpose of these relationships was to acquire and accumulate capital, which meant that struggles over how companies should be governed arose from managing the risks entailed in gaining and keeping wealth. Partners, principals or shareholders tried to secure favorable financial outcomes through active participation in company operations and strategies. This raised many issues, principally accountability, when there was in the case of joint-stock companies a division between investors and company officers or hired managers who struggled to define corporate governance in the interest of managing risk.

Governance has been an intriguing problem for those concerned with contemporary economic collapse in Europe and North America – traceable in part to irresponsible state oversight of corporations, and to reckless trading companies, insurance firms and banks, who bought and sold risk instruments (derivatives) in dangerously distorted markets relying on wildly inflated collateral assets. Ideologically-driven monetary policies, lack of fiscal discipline, greed and political pandering (to both rich and poor) brought about a remarkable conjunction of racketeering, vacuous misconduct and mendacity that cried out for explanation.⁽⁴⁾ Economist Joseph Stiglitz noted that the question of why the US-world economy fell apart in 2007–8 had to be answered if one was to know 'what to do' to fix the mess or to 'prevent the next one'.⁽⁵⁾ Recent books on why the world's economies came to the brink of collapse demonstrated that big problems and crises attract the attention of public intellectuals, economists and historians.⁽⁶⁾

For British business and economic historians, explanations must be grounded in evidence drawn from reliable sources that range over long periods of time and share variables that allow for analysis of change and continuity in local, regional or national frameworks. To that end Mark Freeman, Robin Pearson and James Taylor (hereinafter FPT), working under an ESRC grant, created a large data set from the constitutional records of 514 representative incorporated and unincorporated joint-stock companies, organized by business sectors, chronological subdivisions and locale.⁽⁷⁾ FPT supplement company charters and constitutions with minutes, committee reports, shareholder circulars and correspondence to see how companies practiced their constitutional provisions. The authors examine the administration of municipal corporations, voluntary associations, public works and utility commissions to understand the 'convergence of governance forms' in public, private and commercial sectors overseen by voluntary and elected officials.⁽⁸⁾ Finally, FPT take note of autobiographies, diaries, pamphlets, books, newspapers, periodicals, government reports and papers, legal works and case law to understand the 'political, legal, and cultural context' in which joint-stock companies operated (p. 19).⁽⁹⁾ Based upon this information *Shareholder Democracies?* is a closely-argued analysis of the evolution of corporate governance in Britain, Scotland and Ireland from 1720 to 1844.⁽¹⁰⁾ Its central thesis is that in this period corporate governance shifted from shareholder participation in company affairs to rule by a managerial elite who purportedly represented shareholders' interests.

In June 1720 Parliament, according to common wisdom, passed the Bubble Act to protect the South Sea Company by discouraging irregular projects with misemployed or nonexistent charters. However, FPT point out that the Act encouraged investors who wanted to raise equity capital to seek Parliamentary incorporation or to enter into informal co-partnerships. From 1760 to 1800 the number of joint-stock enterprises grew rapidly as capital-intensive projects in transport, banking, insurance and shipping expanded, and, by the early 19th century the promotion of non-statutory companies surged as investors sought opportunities in Latin America, even though judicial equivocation left their legal status uncertain. Joint-stock promotions expanded in Scottish cities and ports where partnerships had legal standing. Between 1825 and 1844 there

was a new surge of company formations and capital investment fuelled by new technologies and a concomitant ramp up of 'large-scale capital ventures'. Middling investors diversified their holdings as a risk management strategy to protect capital accumulation, funnelling resources into new joint-stock projects in manufacturing, mining and 'property development' (p. 32).

Parliament responded with legal reforms, but none addressed the imprecise legal status of unincorporated joint-stock companies. By 1837 a series of registration acts covering shipping companies, savings banks, building societies, joint-stock banks and companies operating under letters patent, generated a mature stream of information designed to protect investors from speculation and fraud. Two acts in 1844 provided for the registration, incorporation, regulation and dissolution of joint-stock companies; they became constitutional templates for company promoters. Implementing investor protection was part of a broad campaign to encourage propertied citizens to participate in efficient public and business governance. That joint-stock polity complemented participation in civic affairs is a persistent theme in *Shareholder Democracies?* owing to the common concerns raised in both spheres about representation, consultation and the balance of power between administrators and constituents.

FPT further observe that making efficient government amenable to the propertied classes was a rational decision in the wake of accumulated debt, waste and excessive spending during the Napoleonic wars and a way to legitimate elite power in the face of radical political and social critiques that drew upon the quasi-republican rhetoric of civic virtue and public service. FPT detect in these changes a shift from a moral economy, in which trust between company owners and managers undergirded standards of governance, to a system of professional managers, restrained only by organized economic enterprises and corporate laws. These rearrangements reflected by 1850 changes in legal, political and religious viewpoints about business.

Before 1844 one could apply to the Crown for a charter of incorporation that invested grantees with some degree of royal authority. After the Glorious Revolution Parliament gradually supplanted the Crown the source of 'corporate privileges and protection' (p. 45). Incorporation through royal consent or parliamentary act created a legal self independent of the life spans of members, which simple partnerships could not match, as well as ownership and conveyance of assets. Incorporation also gave promoters the power to devise legally-enforceable bylaws, impose taxes on company members, and in some instances redefine company and member liabilities or acquire trading monopolies. This quartet of commercial advantages, a degree of limited liability, 'tax privileges' and transferable shares attracted investors (p. 46).[\(11\)](#)

Unincorporated companies, beneficiaries of dormant or diminished legal superintendence, took advantage of trust law to acquire 'perpetuity and joint holding' (p. 53). They also benefited from a social turn towards voluntary associations that offered a sense of shared pursuit of socially beneficent objectives such as responsibility, power and status. Achieving a moral society required clearly understood rules and an unimpeded flow of information that supported equal standing, freedom and mutual accountability. In similarly cooperative investment projects participants could enjoy 'contract enforcement' and control wrongdoing through established rules and shared beliefs, which were traditional hazard and risk mitigation techniques (p. 54). As collective undertakings, joint-stock companies were in harmony with this atmosphere of public well-being and common good, which FPT see as part of the 'great improvement movement' of the 18th and 19th centuries (p. 55).

The constitutions of joint-stock companies defined the distribution of power and privileges among shareholders, managers and directors. Owing to the Bubble Act the number of restrictive clauses in constitutions steadily increased as did complicated operating constraints and prohibitions on specific actions such as capitalization levels or stock transfers. The most important element of a company constitution was how much share capital to issue and in what denominations. Potential investors, it was believed, associated large capitalization with a substantial organization overseen by conscientious managers. Companies added various investment-control mechanisms to their constitutions to project an image of respectability and stability. Stratagems included geographical limits for subscribers, giving directors the power to decide who could invest, or prohibiting the sale of unpaid shares.[\(12\)](#)

Every company in the records sample made a constitutional distinction between control and ownership. Constitutions specified the number of directors, their tenure and remuneration, frequency of board meetings and quorum requirements. FPT determine that large companies had more directors and more frequent meetings than did small competitors, which were steps towards devolving company control to salaried officers. Just as many locally-elected officials by 1840 conducted business through committees, so also joint-stock companies frequently delegated managerial tasks to subcommittees.

Delegating work in the interest of efficiency to paid employees was commonplace, but if the work was routine it could leave companies vulnerable to malfeasance and incompetence. If a company lost money as a result of internal dishonesty or unwise policies, the directors might hire a resident director, seek out a semi-autonomous manager, set up a management committee made up of selected directors, or devise a workable combination of these options to keep the company afloat. The search for efficiency did not always bring the desired results. Companies that concentrated power in the hands of a few men often failed because this intensified internal rivalries between managers and shareholders and within boards, a precursor in retrospect of the long-term trend up to 1844 to minimize shareholder participation as powerful stake holders tried to guard their interests and manage financial risks.

Another technique to put distance between company directorates and shareholders was rotating elections. In the 18th century it was common to elect all directors annually, but by the 1840s rotating an entire board gave way to rotating segments of boards, with terms being of several years. Again company size was a gauge of directorate elections. Small companies held directors to one-year terms, while many large companies agreed to long stays in office to make directors less accountable to shareholders. Although the Joint-Stock Banks Act of 1844 required banks to rotate 25 per cent of their boards yearly and to preclude them from re-election for 12 months, it was uncertain if this promoted directorate accountability.

As the 18th century passed, contested parliamentary and municipal elections fell substantially. By 1840 many municipal authorities routinely stayed in office without challenges. The affairs of joint-stock companies mirrored these political developments, not a surprise since many company promoters and directors were active in local elections. Frequently, company directors nominated candidates for vacant seats on their boards to preserve membership continuity, despite the belief of joint-stock advocates that regular board elections reinforced managerial accountability. Using electoral rules and property qualifications for board membership, directors effectively suppressed shareholder participation in the interest of 'longevity and continuity' of company governance (p. 91). These general trends, according to FPT, underscored the role of large companies in undermining the power of the general meeting of shareholders (hereinafter GM). Large companies in the joint-stock area were likely to have directors with long tenures who functioned within complicated management structures and met weekly to 'transact business'. Yet, their boards held minor positions in company shares, confirming a long-held conviction that joint-stock companies exemplified the 'divorce of ownership from control' (p. 107).

To understand the significance of this disjunction between ownership and control FPT examine in what capacities joint-stock shareholders served, focusing on promoting a company, choosing directors, setting pay scales, and keeping an eye on strategic undertakings. The authors identified two groups who put money into joint-stock companies. One group viewed successful, joint-stock ventures as a way to benefit their communities and were very likely to participate in company affairs, while a *financial* group sought dividends and sometimes speculated in shares. The second group showed scant interest in running a company as long as they received a return on shares, but if profits fell they were willing to intervene. FPT found that over time many shareholders jettisoned their responsibilities, such as promotion, escaped various financial liabilities and restrictions associated with investment, and devoted themselves to protecting their financial positions.

A major shareholder obligation was paying calls or instalments on subscribed shares, a seemingly straightforward responsibility but in practice extremely contentious and litigious. Some subscribers evaded payments because of straitened financial circumstances, or they had lost faith in a company's viability. Some

companies levied fines on recalcitrant shareholders who had defaulted on their obligations. Between 1790 and 1840 English courts intervened in cases of shareholder resistance and upheld call provisions in company constitutions or deeds of settlement. Forfeitures prompted bank and insurance directors to scrutinize the character of their shareholders, reassuring depositors and policy owners that risk management was in place to screen out speculators.

There was, however, an expanding middle ground in the first half of the 19th century among investors. As time passed directors who initially viewed some people as speculators came to see them as passive, 'easily managed' investors who were satisfied with reasonable returns on capital. They were Adam Smith's rational decision makers, not plungers or wreckers who would bet on the weather if it suited them, acting as self-interested, risk perceivers seeking maximum satisfaction. By relaxing company duties to accommodate these 'steady investors' the balance between shareholder responsibilities and rights tipped between 1750 and 1840 on the side of the latter (p. 120). As shareholders defended their financial rewards, they conceded control to directors and managers. Companies shifted the power to declare dividends from the GM to directors, who claimed they could best manage the company in the interests of its owners. In this way shareholders became accomplices in surrendering their rights.

In 18th-century joint-stock companies the GM had a broad range of powers even if it was not expected to exercise them regularly. But how companies operated could differ considerably from constitutional stipulations. This could be seen in the role of shareholders in choosing directors. In all of the joint-stock companies included in FPT's database shareholders had the constitutional responsibility to elect directors. Some companies elected permanent directors but also chose temporary directors annually or by rotation. In eight unincorporated firms shareholders chose several directors, and board members appointed the rest. This gradual movement of power away from shareholders also surfaced in dismissing directors, filling board vacancies, and hiring and terminating salaried managers. FPT conclude that by 1840 the GM, once the main source of power, had accepted a circumscribed role in a 'system of checks and balances'. In this 'reconceptualization of joint-stock politics' the GM watched over the board of directors, who in turn had oversight of management and exercised powers not specifically delegated to the GM (p. 137). Directors anticipated that under this system shareholders would not actively intervene in company affairs, but instead could guard their financial stake through the evolving risk management tool of auditing.[\(13\)](#)

The last third of *Shareholder Democracies?* examines policies and procedures that discouraged shareholder activism and diminished the role of the GM, as corporate governance focused increasingly on financial rewards for investors who were content to let managers look after their interests. Company directors narrowed the scope of the shareholder franchise by limiting or ending the voting rights of small shareholders, while leaving untouched the voting privileges of large shareholders. Large companies lead the way in these changes. Some directors manipulated ballot voting on company issues and directorate staffing to favor private rather than open voting. They also awarded ballots to those who held a majority of stock rather than to a majority of individual shareholders, controlling the 'potentially subversive influence of group dynamics in GMs' (p. 158). Some directors acquired proxy votes from sympathetic shareholders to impose directorate decisions on their opponents. Finally, directors might stipulate that a GM could be called only if those who owned more than 10 per cent of outstanding shares requested it.

Diminution of investor participation in company decisions complemented protecting the financial interests of passive shareholders. Pushing shareholders who wanted to take part in company affairs to the margins purportedly shielded directors and managers from divisive, internal politics, reassuring investors in search of dividends that prudent policies would reduce their vulnerability to loss and prop up the value of their shares in secondary markets. As the number of investors in quest of maximum utility grew, questions about their liability arising from financial mistakes moved to the forefront. Calculating possible capital depletion was one way to reduce uncertainty, a fundamental element 'in all aspects' of risk assessment.[\(14\)](#)

In the 18th century incorporating acts rarely contained limited-liability provisions, because many people assumed that limited liability was intrinsic to a corporation's legal existence. After 1800 company promoters underscored the protection incorporation provided shareholders, even though the nature of this

indemnification was unclear. By the 1840s limited-liability clauses were universal, although shareholders could still be responsible for company costs and be defendants in creditor lawsuits. In the case of shipping the proprietors of a vessel were liable for its value, but fractional investors as tenants-in-common were only liable for ship costs (not trading losses) in proportion to shares bought.[\(15\)](#)

In contrast unincorporated companies could not offer limited-liability safeguards. While many companies indemnified directors, shareholders were liable for losses due to mismanagement. Strategies to limit shareholder liability elicited charges that such policies fostered reckless and unethical behaviour. Insurance companies inserted clauses in their deeds of settlement that limited shareholder liability to the 'unpaid portion of their shares' (p. 192). They also drafted contracts of indemnification that held the shareholders blameless for company losses beyond their individual capital stock. Banking companies provided in their constitutions that shareholders were liable in common for actions from third party debtors but only to the extent of their individual stock purchases. In many unincorporated companies people commonly purchased shares by subscription but were held liable for the full value even if the subscription was not paid up. Further, if investors sold their shares, they transferred ownership but not liability, making the sellers responsible for company losses during the time period in which they held the shares. FPT note that before 1844 the most effective way to control shareholder liabilities in unincorporated joint-stock companies was dissolution, which could be exercised in normal and extraordinary circumstances (heavy losses). Many joint-stock companies had a risk-management tool in their constitutions now known as stop-loss provisions, which provided that when losses reached a specified level the company could be dissolved.[\(16\)](#) It was believed in the 1840s that unlimited liability improved company performance because large shareholders would diligently safeguard their interests; however, FPT point out that shareholders in unincorporated companies were often denied access to company accounts and lacked understanding of their rights, allowing fraud, mismanagement and incompetence to go undetected.

Liberal political theory prized publicity and equated secrecy with corruption – ideals that could put to rights managerial malfeasance – convictions quite apparent in criticisms of the Bank of England and the East India Company from 1690 to 1800. The Companies Clauses Consolidation Acts of 1845 required shareholder access to company registers, and standard clauses in incorporating acts of canals, bridge and harbor companies granted shareholders access to loan registers. From 1720 to 1844 there was a gradual decline in GM access to account books which was a major barometer of investor 'oversight and participation' (p. 221). Directors increasingly submitted to shareholders summaries of company performance or balance sheets based on inspection committee reports or audits. In this way shareholders accepted professional intermediaries such as accountants for reassurance that company affairs were in order. Instead of business concerns acting as small republics characterized by 'participatory politics' they became organizations overseen by unaccountable professionals (238–9). FPT conclude that despite a great range of constitutional provisions in joint-stock companies there was a gradual realignment of corporate governance from 1720 to 1844. Early on the GM held central authority in company affairs, but this eventually gave way to powerful directorates. Shareholder participation went down, and the role of the GM in appointing paid officers or filling board vacancies declined. Shareholders with insignificant holdings saw their rights to participate in company affairs gradually disappear, finally ending in exclusion from the shareholder franchise in many small companies.

FPT note that from 1720 to 1830 shareholders in incorporated companies enjoyed a greater measure of direct participation in company matters than did their counterparts in unincorporated companies. However, after 1830 shareholder participation in both types of companies reached historically low levels. FPT attribute this to several factors, the first being a 'changing political culture' in which elites from 1790 to 1840 worked to contain a populace unsettled by industrialization, urbanization and political radicalism. To accomplish this elites minimized or eliminated the voting privileges of those who had 'little or no property' (p. 244), and nullified or abolished public venues for political expression from the national to the local level. Second, there was a decline by the 1830s of networks of urban elites who raised capital among themselves and dealt with their peers face-to-face in an atmosphere of trust and concern for public interests. This coincided with the rise of investors who were mainly interested in a company's financial health, which made it difficult to

perpetuate the 18th-century model of active shareholder participation. Third, the average size of joint-stock companies increased in the 19th century, making shareholders a dispersed and anonymous clientele that called for constitutional innovations to reduce the power of the GM. This might involve long directorate tenure, screening out small shareholders from company boards, or using subcommittees or paid managers to blur lines of accountability. And, as happened in local government, large companies turned to intermediaries to keep shareholders at arm's length from directors and paid managers.

FPT also argue that post-1844 developments ran contrary to mounting democratic pressures, which was the opposite of the 1720–1844 period when both company governance and politics in local and national settings followed similar trajectories. Public and company policies after 1850 moved governance away from the public, political arena to a private, regulatory system that discouraged public meetings, discussions and inclusive participation in decision making. It represented a departure from the 'associational civic culture of early modern Britain' to a world of 'private entities' without shareholder interference in corporate affairs (p. 253). Companies existed by 1900 to make profits for investors but not to address the needs of local communities. FTP point out that separating commerce from community obligations ironically brought more pressure to bear on the State to regulate entities that could harm the public through a blind obsession with profit.

Shareholder Democracies? rests upon an impressive empirical foundation enriched by the authors' extensive acquaintance with business historiography. Through explication of many nuances and fine distinctions of company policies and practices across Ireland, Scotland and Britain, FPT address fundamental issues of internal distribution of power in companies, in particular the practical, bureaucratic and legal divergence of managerial control from shareholder rights especially evident in large companies. While the scope and purpose of the book do not allow for investigating the role personal leadership, labor markets, or technology played in shaping corporate governance, FPT clearly demonstrate that the intersection of law, political trends and risk with corporate governance up to 1844 constituted an important chapter in the history of human association.⁽¹⁷⁾ The book is also a timely investigation of issues relevant to contemporary battles over corporate regulation and risk management, shareholder rights and government oversight.⁽¹⁸⁾ *Shareholder Democracies?* describes not only the evolution of corporate governance from 1720 to 1844, but also its convergence with broad social and cultural developments. In their examination of managerial-shareholder conflicts in the 1720–1844 period FPT supply what many modern studies of financial hazards, risk management, community or company resilience and vulnerability often lack: an understanding of these concepts and procedures in a broad historical context, general equilibrium and rational expectation paradigms, Gaussian distributions and black swans notwithstanding.

Notes

1. On energy conversion see Gonzague Pillet, 'External effects as a badge between environmental and ecological economics', in *Human Ecology: Fragments of Anti-Fragmentary Views of the World*, eds. Dieter Steiner and Markus Nauser (1993), p. 163; citing Robert U. Ayres' important book, *Resources, Environment and Economics* (1978).[Back to \(1\)](#)
2. Maxine Berg and Pat Hudson, 'Rehabilitating the industrial revolution', *Economic History Review*, 45, 1 (February 1992), 30–2.[Back to \(2\)](#)
3. On trust in human collaborations in the face of the risk of receiving false information and colleague betrayal (moral hazards), see David Sunderland, *Social Capital, Trust and the Industrial Revolution, 1780–1880* (2007), pp. 1–2.[Back to \(3\)](#)
4. On the causes of the financial crisis in the UK see Iain MacNeil, 'The trajectory of regulatory reform in the UK in the wake of the financial crisis', *European Business Organization Law Review*, 11, 4 (2010), 485–7.[Back to \(4\)](#)
5. Joseph E. Stiglitz, *Free Fall. America, Free Markets, and the Sinking of the World Economy* (2010), p. xvii.[Back to \(5\)](#)
6. See for example Raghuram G. Rajan, *Fault Lines. How Hidden Fractures Still Threaten the World Economy* (2010); Philip Coggan, *Paper Promises. Debt, Money, and The New World Order* (2012);

and Gary B. Gorton, *Misunderstanding Financial Crises. Why We Don't See Them Coming* (2012).
[Back to \(6\)](#)

7. To be included a venture had to have 'thirteen or more partners and transferable shares' (p. 2). See C. W. Munn, 'Scottish provincial banking companies: an assessment,' *Business History*, 23, 1 (March 1981), 20–1.[Back to \(7\)](#)
8. On the importance of voluntary associations in the 18th century, see Peter Clark, *British Clubs and Societies 1580–1800. The Origins of an Associational World* (2000), pp. 1–13, 60–140.[Back to \(8\)](#)
9. For a study of shareholders in the 1870–1930 period, noting similar previous studies, see Janette Rutterford, Josephine Maltby, David R. Green and Alastair Owens, 'Researching shareholding and investment in England and Wales: approaches, sources and methods,' *Accounting History*, 14, 3 (2009), 269–92.[Back to \(9\)](#)
10. That is, from the Bubble Act (1720) to the Joint Stock Companies Act (1844).[Back to \(10\)](#)
11. On the role transferable shares played in distinguishing a traditional partnership – built around a 'relatively small group of specific people' – from a corporation which was a 'business association' formed about a 'capital fund' made up of 'freely transferable shares,' see Paddy Ireland, 'Limited liability, shareholder rights and the problem of corporate irresponsibility,' *Cambridge Journal of Economics*, 34, 5 (November 2010), 838.[Back to \(11\)](#)
12. On hesitation about investing in a joint-stock bank with a 'low-wealth' shareholding constituency, see Charles R. Hickson and John D. Turner, 'The genesis of corporate governance: nineteenth-century Irish joint-stock banks,' *Business History*, 47, 2 (April 2005), 177.[Back to \(12\)](#)
13. For the role of accounting in company-fraud investigations see Sam McKinstry, Kirsten Wallace and A. Iain Fleming, 'Making a cast-iron case: accountants and the Carron lawsuits of the 1850s and 1860s,' *Accounting History*, 7, 2 (November 2002), 35–57.[Back to \(13\)](#)
14. Graham A. Tobin and Burrell E. Montz, *Natural Hazards. Explanation and Integration* (1997), pp. 287 (quotation), 288.[Back to \(14\)](#)
15. The Banking Copartnership Act (1826) imposed upon joint-stock banks a 'post-sale-extended liability provision' which made former share owners liable for three years after disposing of their shares for any debts current shareholders could not pay. See Charles R. Hickson and John D. Turner, 'Shareholder liability regimes in nineteenth-century English banking: The impact upon the market for shares,' *European Review of Economic History*, 7, 1 (April 2003), 100.[Back to \(15\)](#)
16. For dissolving partnerships by 'judicial intervention' to avoid 'bringing ruin upon all concerned,' see Francis William Clark, *A Treatise of the Law of Partnership and Joint-Stock Companies, According to the Law of Scotland* (1866), II, p. 661 (quotations). Clark also noted that some copartnership instruments provided that under 'certain conditions, such as a diminution of the capital below a fixed sum' or a 'certain amount of loss', a majority of partners could '*ipso facto*' dissolve the concern (p. 662).[Back to \(16\)](#)
17. On the relationship between technology and corporate-state governance, see Nick von Tunzelmann, 'Historical coevolution of governance and technology in the industrial revolutions,' *Structural Change and Economic Dynamics*, 14, 4 (December 2003), 365–84.[Back to \(17\)](#)
18. On contemporary corporate-governance reforms and the role of company boards and managers in mitigating risk, see Marc T. Moore, 'The evolving contours of the board's risk management function in UK corporate governance,' *Journal of Corporate Law Studies*, 10, part 2 (October 2010), 279–308.
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