

EARLY COMPANY LAW IN ENGLAND: IS IT CONSISTENT WITH ECONOMIC THEORY?

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ABSTRACT

The principal focus of economic enquiry into the early development of company law in England has been upon two major innovations: incorporation by registration and limited liability. Whilst these innovations are of considerable importance it is regrettable that as a consequence there has been much less interest in considering the extent to which other aspects of company law were consistent with economic theory. This paper will seek to examine early company law in England and evaluate the extent to which it was consistent with economic theory. The legislation on which it will focus will be the Joint Stock Companies Act 1844, the Limited Liability Act 1855 and the Joint Stock Companies Act 1856, together with the related legislation providing for insolvency. It will do this in two parts: the first will examine the rationale for the early companies' legislation and the second will examine the structure of the early companies' legislation.

