

When limited liability was (still) an issue – Mobilization and politics of signification in 19th-century England

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Abstract

The corporation is a constitutive element of modern capitalism. In its contemporary form, the corporation comes with a striking legal feature: ownership is associated with limited liability. Today, we take for granted both the principle of limited liability and its association with the corporate form. Not so long ago, though, in the mid-19th century, the principle of limited liability was highly contentious, generating heated discussions and debates. This article explores the social movement dynamics that crystallized around the principle of limited liability in 19th-century England – intense framing strategies and politics of signification, collective articulation of resources and mobilization tactics as well as opportunistic use of dynamic opportunities. Interestingly, social movement dynamics did not imply in this case the structuration of a unitary social movement but involved instead a stunning ‘coalition of the unlikely’. Two strikingly different groups championed limited liability on distinct grounds – ‘enfranchisement of men’ against ‘enfranchisement of capital’. In the end, the latter framing imposed itself and debates found a resolution in the formal institutionalization of limited liability as a constitutive legal feature of incorporation. Altogether, these social movement dynamics proved highly consequential – marking a turning point in the history of capitalism, with profound implications for our contemporary understanding of responsibility in economic life.

Keywords: limited liability, corporate revolution, social movement and institutionalization, corporation and responsibility