

Conceiving Companies: Joint-Stock Politics in Victorian England. *By Timothy Alborn.* New York: Routledge, 1998. ix + 297 pp. Index, notes, bibliography. Cloth, \$90. ISBN 0-415-18079-1.

Reviewed by Bruce G. Carruthers

Modern polities and economies are structured around a small set of seemingly hard-and-fast cultural distinctions: public versus private, political versus economic, shareholder versus stakeholder. These are not merely ideological contrasts between the extremes of black and white, however, for they are manifested in concrete institutional arrangements and organizational structures. In *Conceiving Companies*, Timothy Alborn returns to a period in English history when such distinctions were in flux and examines how they became hardened and fastened. His interesting and important account focuses especially on joint-stock companies, which achieved legal personality by means of parliamentary charters that granted them special rights, but also encumbered them with particular responsibilities. Such companies possessed a complex admixture of organizational features that blurred and muddled the distinctions that became so clear later on. When combined with Britain's Victorian laissez-faire state, the stage is set for Alborn to explicate exactly when and how companies acted politically.

To begin with, companies like the Bank of England and the East India Company were created by explicitly political legislative acts and charged with public duties, although they remained "private" institutions. These two companies pursued their own economic interests but also performed political duties (like providing monetary currency, or administering the Indian subcontinent). Internally, corporate governance revolved around a mini-polity, in which shareholders elected boards of directors to run the companies. It is ironic that at a time when the pre-1832 political franchise involved a welter of rules that varied from one constituency to the next, joint-stock companies were established with transparent and consistent rules that granted voting rights to shareholders. And, like the state, a corporation is an organized collectivity whose survival depends on legitimacy in the eyes of its constituents.

Alborn organizes his argument around a complex historical narrative that begins in the late eighteenth century with the Bank and East India Company and finishes with banks and railways in the early twentieth century. Established in the seventeenth century, the Bank and East India Company helped shape the cultural and organizational trajectory along which joint-stock banks and private railway companies subsequently moved. The Bank fared better than the East

India Company (which did not survive), in part because it continued to support the government financially and thus was in a stronger bargaining position when its charter came up for renewal.

Alborn shows in detail how administrative and organizational developments in one sphere influenced changes elsewhere, acting through porous public/private or political/economic boundaries. For example, the use of competitive exams as a way to combat corruption and nepotism was developed first in the East India Company and was only later applied to the British civil service (p. 33). Corporations and government both wrestled with “democratic” forces that threatened to hand control over powerful political and economic institutions to nonelites (thus the debate over expansion of the political franchise paralleled discussions over bank shareholdings). Corporations tried, with varying degrees of success, to frame their activities as strictly “private,” so as to escape the duties that public accountability would impose. As a private matter, railway rates were like prices, but as a public imposition such rates were akin to taxes and thus subject to criteria like “fairness” (p. 230). In a narrowly legal sense, firms were answerable to their shareholders, but in fact each corporation had to manage its relations with a much wider coalition of stakeholders and constituents (including, variously, customers, creditors, competitors, shareholders, managers, and employees). Sometimes these constituents were local, sometimes national, and very often both.

Alborn’s analysis is a clear, well-documented one, and he makes good use of the comparison between railways and banks. The argument occasionally disappears into thickets of historical detail, and one can lose sight of the forest, but Alborn’s main points are well worth heeding. The boundaries and distinctions that organize social, political, and economic life themselves have a particular history shaped by politics, rhetoric, and ideology. “Efficiency,” for example, is not simply an end-state toward which institutions evolve as they experience market-based competition. Rather, it is a complex idea, recurrently contested and selectively imposed because of the expectations and standards it induces.

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