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Kenneth S. Most

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A wooden horse for Riri 44.20
A pair of slippers for me 3.50
An umbrella — all silk with
a gold handle — for my
excellent mother-in-law who
has yet lost hers 45.50

So as our cash-book drama closes, one
may see just a little of oneself in the pages

of Mr. Paul Feldspath. "Oh, but what of
the morals of the story"? Perhaps
enumeration of the morals are best left to
you, but it might be noted that some
things do cost more, and some days are
better than others to give presents.



THE NATURE OF THE CORPORATION

by

Kenneth S. Most

Florida International University

There has been some discussion recently
of the nature of the corporation [1]. Is it,
as in the European view, essentially an ar-
tificial (not fictitious) person, endowed by
the state with certain rights and obliga-
tions? Or is it, as the author cited suggests,
simply a bundle of contractual rights and
obligations?

The origins of the corporation are ob-
viously relevant to the resolution of these
conflicting claims. I quote from
Blackstone [2]:

"The honor of originally in-
venting these political con-
stitutions entirely belongs to
the Romans. They were in-
troduced, as Plutarch says, by
Numa; who finding, upon his
accession, the city torn to
pieces by the two rival factions
of Sabines and Romans,
thought it a prudent and
political measure to subdivide
these into many smaller ones,
by instituting separate
societies of every manual trade
and profession. They were
afterwards much considered
by the civil law, in which they
were called *universitates*, as

forming one whole out of
many individuals; or *collegia*,
from being gathered together
. . . But our laws have con-
siderably refined and improv-
ed up the invention, accord-
ing to the usual genius of the
English nation; . . ."

From this, it appears that the original
function of the corporation was to provide
a social mechanism for the maintenance
of tribal customs, and that the ability to
hold property in perpetuity can be view-
ed as an ancillary purpose. This observa-
tion validates both views.

REFERENCES:

- [1] Robert Hessen, "Do Business and
Economic Historians Understand Cor-
porations," in *Essays in Economic and
Business History*, ed. Edwin J. Perkins,
University of Southern California,
1990.
- [2] Sir William Blackstone, *Commentaries
on the Laws of England*, London: T.
Cadell, Twelfth Edition, 1793, Vol. 1,
pp. 468-9.