

World Peace Through Law Center: Report on Corporate Law[†]

The report of our committee this year is an experiment. It portrays by three highly recognized scholars the recent developments in corporate law in three important areas, the United States, England and the Common Market Countries. The report consists of this very brief introduction and the three excellent articles by these expert scholars. The agenda for a meeting of the committee to be held during the Conference on World Peace through Law at Belgrade in July, 1971, is to be a discussion of these three articles and how the points of developing law emphasized in them may be applied to other countries from which those come who attend the committee meeting. It is hoped that one or perhaps all three of our expert scholars will be there to participate in the discussion.

If this experiment is worthy to be so succeeded, it is tentatively thought that at the Conference on World Peace through Law, two years hence, the report of the committee would include three articles as to developments of corporate laws in three other major areas of the free world. It is hoped that by such a program, the work of this committee can promote trends toward greater familiarity with, and greater uniformity in, corporate laws in various countries.

Professor Cary wisely chose to discuss the impact of recent court decisions rather than the impact of recent statutes in the United States in corporate law. For there are fifty states enacting statutes applicable to corporations organized in the state or doing business in the state—federal statutes having to do with the organization of only a very few corporations in the United States in which the federal government has a direct interest. With the increased popularity of the Model Business Corporation Act and other modern acts comparable to it in recent years, the developments in the last three or four years in corporate law in the United States have been in

*Chairman, Committee on Corporate Law, World Peace Through Law Center.

†Report to the World Peace Through Law Conference, Belgrade, Yugoslavia, July 21, 1971. This Article is the Introduction to the following three articles.

court decisions interpreting the rights and duties of the parties at interest. Professor Cary could have chosen at least a dozen cases that had a broad impact in all American states, but for want of space limited his discussion to four. He chose these exceedingly well, it now seems clear, in the light of the points emphasized in the next two articles by Professor Wedderburn as to developments in England and Professor van Gerven as to developments in the Common Market Countries.

Throughout all three articles, I for one find very interesting trends in the various countries discussed. First, a trend occasioned by the modern statutes which have minimized or "alienated" stockholders from sharing in control of the management decisions of a corporation, and the resulting need for control in the United States, in part by administrative regulations of the SEC and other administrative bodies, and in part by litigation such as by derivative suits and class action suits; a control planned for the immediate future in England by the establishment of administrative bodies; and a control in the Common Market Countries in various ways, including the exceedingly interesting "supervisory board" idea. A second trend I find in all three articles relates to the subject of disclosure and means for preventing its abuse.

Doubtless some of you, in discussions in Belgrade, can summarize more effectively than I, what you think yet more important developments in these three areas have been, as discussed in the three very interesting articles that follow.

For all of the committee I wish to thank very much indeed each of our three experts who have presented to us such a challenging picture of improvements in the field of corporate law that lie ahead.