General Incorporation and the Shift toward Open Access in the Nineteenth-Century United States

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Abstract: This paper analyses general incorporation acts for manufacturing firms up to 1860. It presents a new chronology of the adoption of these acts across the states and territories, and documents the terms they contained. It then analyzes the political and economic forces that influenced the decision to enact general laws, and the regional variation in the terms of the laws. The results indicate that several states enacted general laws much earlier than previous scholarship has indicated, and that there was substantial variation in the degree of flexibility offered to incorporators across states, with some statutes granting near total freedom over the internal governance of corporations, whereas others imposed strict regulations. Southern states often enacted particularly liberal statutes, but they also granted control over access to the statute to a government official, or even explicitly excluded nonwhites from using their laws. The states that failed to adopt general incorporation tended to offer particularly generous access to corporate charters through special legislative acts. Taken together, these results imply that the transition to general incorporation did not always represent a discrete change in the degree to which entrepreneurs enjoyed access to the corporate form. Rather than moving from limited access to open access, early general acts often represented more of an intermediate step.

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During the first quarter of the nineteenth century, the American states and territories created more business corporations than the world had ever known. The early Americans showed a great reluctance to establish government bureaucracies capable of providing services to the public, and a remarkable capacity to form organizations—often business corporations—to provide the services they desired. Business corporations, rather than the state, frequently supplied transportation infrastructure and access to water. They also quickly dominated the banking and insurance industries, and with experience the form was adapted into manufacturing enterprises producing a wide range of goods. Many of these firms were quite successful, and played an important role in the industrialization and development of the American economy in the early nineteenth century.

But the semi-public character of early corporations created significant problems for state governments. Early legal doctrine held that a business could only become a corporation if the government granted it a charter—the state had to pass a special law incorporating the firm. This gave state legislatures control over access to the corporate form, and made the creation of business corporations very much a public matter. The discretion among legislators over access to corporate charters, and the exclusive and valuable privileges they contained, was widely understood to have a corrupting influence. Legislators and their allies were accused of what John Wallis has termed "systematic corruption"—using their influence over the political process to corrupt the process of economic development. And even in contexts where corruption and bribery were not likely to have been a pervasive problem, the complex process of obtaining a charter from the legislature excluded many entrepreneurs lacking in political sophistication or substantial financial resources from access to the corporate form.

Over time many American states and territories reformed the process by they facilitated access to the corporate form by implementing general incorporation acts, which granted open access to incorporation to firms meeting certain criteria. These acts provided that any entrepreneur wishing to incorporate a business could simply file a certificate with information about their firm with a government office, and when their certificate was recorded they would automatically be incorporated. These general acts distanced the state from the process of establishing corporations, and made incorporation considerably more of a private matter. They also lowered the cost of creating a corporation, and likely enabled individuals that would have been excluded under the previous regime of special-act chartering to gain access to the corporate form. General incorporation acts for businesses thus democratized access to an important organizational technology, and helped expand and develop civil society. Many general acts for businesses were in fact embedded within larger statutes that also facilitated incorporation for entities such as fraternal societies, universities, churches, and other such organizations.

General acts did not grant entrepreneurs the freedom to configure their enterprises however they wished, and instead created an organizational template that corporations were required to adopt. The template typically imposed strict conditions on the size, industry, operations, capital structure and internal governance of the corporations created through their terms. The rigidity and restrictiveness of the organizational template varied considerably across states, and reflected the political and economic forces that ultimately shaped the states' policies toward creating and regulating corporations. Entrepreneurs wishing to create corporations that did not conform to the template in the acts either organized them as partnerships, and thus did not receive the benefits of incorporation such as limited liability, or resorted to seeking special charters for their enterprises. The specific terms of the acts therefore determined how much of a transition from a regime of special charters general incorporation acts represented. Yet owing to the difficulty of locating and analyzing the different states and territories' earliest general laws, little systematic information has been collected about their content.

This paper analyzes American states' general incorporation acts for manufacturing enterprises up to 1860, and the political and economic forces that shaped the decisions to adopt those laws. The analysis proceeds in three steps. First, I present a new chronology of the earliest general incorporation acts for manufacturing firms of each state or territory prior to 1860, obtained from a careful search of state session laws, legal codes, and statute revisions. The resulting list improves upon the widely used tabulations of Hamill (1999), and in particular includes eight general incorporation acts omitted from that list. The new chronology indicates that a number of states enacted general laws for manufacturing corporations *several decades* earlier than had been previously reported.

In the second step, I use the new list of general acts to analyze the political and economic determinants of states' decisions to make the transition to general incorporation. Using newly available data on the total number of special charters for business corporations in each state from Sylla and Wright (2013), and census data on the social and economic structure of the states and territories, I estimate a simple linear probability model of the decision to adopt a general act. The results indicate that states that had previously granted large numbers of special charters to businesses were less likely to adopt general acts. In those states access to the corporate form was provided quite generously through legislative charters, which suggests that a general incorporation was not perceived as an urgently needed reform. The results also indicate that states with a large fraction of their population engaged in commerce were less likely to move to general incorporation within the period under study, which is consistent with the notion that by opening access to limited liability, the acts may have been perceived to threaten incumbent firms' status within credit networks.

In the third step, I present a detailed analysis of the terms of states' general incorporation acts as they stood in 1860. Many states made frequent amendments to their laws over time, and this analysis begins by tabulating the terms of those amendments and revisions, to show the content of every state's law at a consistent point in time. Perhaps because most of the statutes granted corporations limited liability, they often contained detailed provisions intended to protect the interests of creditors, rather than shareholders. The statutes often contained limits on indebtedness, regulations of capital contributions, disclosure requirements regarding paid-in capital, and punitive measures that stripped directors or stockholders of their limited liability in response to actions that imperiled the firms' capital. The statutes contained only a few provisions intended to protect the interests of shareholders, such as regulations on voting in corporate elections. Many of the other regulations written into the statutes were intended to give the state leverage or control over the firms, for example by limiting the duration of their incorporation.

The analysis of the terms of the statutes also reveals that there was considerable variation in the degree of their restrictiveness across states. Southern states' general laws in particular tended to be more permissive than those of other states. On the other hand, Southern states frequently imposed rules that either explicitly forbade certain segments of society from making use of their general laws, or granted discretion over the use of the law to a government official, who could choose to exclude anyone from using the law for any reason. The early general laws of Southern states were thus at once more permissive and more strict than those of other states, and perhaps can only be termed 'general' laws in a qualified sense.

The data and analysis presented in this chapter contribute to a large and growing literature on the history of American corporation laws, and general incorporation acts in particular. Earlier contributions to this literature have examined the dates at which the different states first enacted these statutes (for example, Hamill, 1999), the rates at which the statutes of individual states were utilized (for example, Kessler, 1940; and Bodenhorn, 2008), and particular attributes of the enterprises created by the statutes, such as the liability of their shareholders (for example, Howard, 1938). What is missing from this literature is an analysis of the terms of these statutes—the regulations they imposed, and the matters they left unregulated. The social and economic significance of general incorporation acts can only be understood from an understanding of those terms. Moreover, these statutes created some of the earliest regulations of matters such as dividend payouts, financial reporting, director elections, and capital contributions. The analysis of this paper therefore complements the literatures on the evolution or historical origins of such regulations in the United States.

This paper also contributes to the literature on the suitability of the corporate form in general, and American corporation laws in particular, for the needs of small- and medium-sized enterprises (SMEs). Recent contributions to this literature have argued that the corporate form was inflexible in important respects, and the alternative forms that became available in the twentieth century, such as the Limited Liability Company (LLC), were superior for the needs of SMEs (Guinnane et al, 2007). This paper contributes to that literature by providing detailed documentation of the ways in which the states' corporation laws were restrictive, or permissive.

General Incorporation Acts Across the American States and Territories

The date of each state or territory's first general incorporation statute—or in cases where a statute was repealed, their first and second statutes—are presented in Table 1. The adoptions of general acts were not uniformly distributed over the period under study, but instead occurred in three distinct periods: first 1811-24 and then 1836-37, when a handful of states adopted general laws, and finally 1845-60, when very quickly all but a handful of states and territories made the transition.

The first period began around the time of the War of 1812, and the general laws enacted during that period were likely specifically intended to encourage the development of manufacturing firms. Trade restrictions enacted prior to the War, such as Embargo Act of 1807, blocked American access to imported manufactured goods, and created opportunities for domestic manufacturers to replace foreign sources. In the years 1807-1811, incorporations of manufacturing firms via special-act charters rose significantly, reflecting a substantial increase in demand for charters, as well as an apparent willingness of state governments to grant those charters. In 1811, the State of New York passed a general incorporation act for manufacturing firms. Laws similar to New York's Act were passed in Ohio in 1812, in New Jersey in 1816, and in Illinois in 1824.[1]

The simple terms of New York's act imposed relatively strict regulations on the firms it incorporated. It precisely enumerated the industries in which the firms created could operate; limited the size board of directors (referred to as "trustees") to nine persons, who were required to be stockholders; limited the capital stock to a maximum of $100,000 and limited the duration of the firms' existence to 20 years; and required that each stockholder be granted "as many votes as he owns share of the stock" of the company in director elections. Other parts of the act empowered the directors to write the firms' bylaws, limited the liability of the stockholders to "the extent of their respective shares in the company, and no further," and enumerated the powers of the corporations created.[2] The act also made the company stock personal estate, and transferable "in such manner as shall be prescribed by the laws of the company." The act also included the implicit requirement that all directors be residents of the state, in its stipulation that "removal out of the state" will cause a vacancy to occur among the directors.

The statutes of Ohio, New Jersey, and Illinois all closely resembled New York's 1811 Act. Those states followed the structure and language of New York's law, but modified some important terms such as the minimum the number of people required to incorporate a business, and the minimum or maximum size of the board of directors. The statutes of New Jersey and Illinois, like New York, imposed a rule of one vote per share, whereas Ohio mandated a graduated voting rights scheme, in which the number of votes per share each shareholder was entitled to was a decreasing function of the number of shares held.[3] And whereas Ohio and New Jersey followed New York in granting shareholders limited liability (with New Jersey imposing

[1] No comprehensive data on the use of these statutes seems to survive. McCormick and McCormick (1998) includes a detailed description of one firm that incorporated through Ohio's first general act.

[2] This language with respect to shareholder liability was interpreted by the courts to mean what would be termed today double liability. See Howard (1938). Most of the subsequent statutes that granted limited liability to shareholders did so with similar language.

[3] Ohio's statute stated that "each stockholder shall be entitled to one vote for each share he may own below ten; for all above ten and not exceeding twenty, one vote for every two shares; and for every five shares above twenty, one vote."

the rule that stockholders were responsible for the amount of their shares plus all the accumulated dividends they received), the statute of Illinois made shareholders personally liable for their firms' debts. But these acts were all repealed: New Jersey's in 1819, Ohio's in 1824, and Illinois repealed its act in 1833—at which point New York was once again the only state or territory with a general incorporation act for manufacturing enterprises.

The second period in which general laws were enacted began in 1836, when Pennsylvania passed a general incorporation act for iron manufacturers. Pennsylvania's law granted shareholders graduated voting rights and in other respects was similar to the acts that preceded it, but it applied only to a very limited set of firms, and in fact required a *minimum* of $100,000 in capital.[4] Pennsylvania's law is noteworthy because it required the Attorney General and the Governor to scrutinize the corporations' certificates, and empowered the Governor to withhold approval of incorporations if there were any doubt regarding the "lawfulness" of the proposed enterprise or the amount of the capital stock "actually paid in." In contrast, in the earlier states' laws, incorporation was automatic once a certificate was filed. Although Pennsylvania's language could be interpreted as merely ensuring that the terms of the law were complied with, the discretion granted to the government officials scrutinizing certificates may have been broad enough to enable them to reject proposed incorporations for other reasons. Pennsylvania substantially revised its law in 1849, making it applicable to firms in a broad range of industries, and removing the provision granting the Governor authority over access to the Act.

In 1837 Michigan, having just become a state, passed a general incorporation law quite similar to those adopted in the 1811-24 period, and like Illinois it imposed unlimited liability for all shareholders. But Michigan substantially revised its law in 1846, with new terms that granted shareholders limited liability. In 1837 Connecticut passed a general incorporation act

[4] Pennsylvania's law applied only to firms "manufacturing iron from the raw material, with coke or mineral coal" and specifically excluded firms producing iron "which has not been manufactured from the ore, with coke or mineral coal." Pennsylvania's 1836 act was also unusual in that it included several special charters for specific corporations, including a coal company and turnpike road company.

that was the first not to specifically enumerate the industries that could be pursued by firms incorporated under its terms, or to limit the duration of the existence of the corporations it created. The Pennsylvania and Connecticut laws from this period also introduced the innovation of requiring firms to make an annual report, although the reports only listed their paid-in capital and a few other pieces of information, which would have been of interest principally to creditors.

No subsequent general acts were passed until the second half of the 1840s. The timing of this third period of activity in enacting general laws corresponds to episodes of fiscal distress among American states, many of which responded with significant constitutional reforms (Wallis, 2005). The first states to enact general laws in this period were Ohio and New Jersey, which passed new acts in 1846, and Georgia and Iowa, which passed general incorporation acts in 1847. Whereas most of these statutes were similar to those that came before, Iowa's law was radically different. It imposed no restrictions whatsoever on the internal governance of the firms it created—it doesn't even mention directors or a procedure for voting or decision making. It simply says that any number of persons—even just one—may incorporate themselves, make their shares transferable, and "exempt [their] private property from corporate debts." With regard to governance institutions and procedures, it states that the incorporators "may make such regulations as they please in relation to the management of their business." Iowa's statute also did not impose any restrictions on the size of the capital stock, although it did limit the duration of the corporations' existence to 20 years.

In 1848 and 1849, Louisiana, Wisconsin, Illinois and Missouri passed their first general incorporation acts, and Pennsylvania revised its statute. Wisconsin's Act is noteworthy because it both imposed unlimited liability on stockholders, and it also imposed a rule of one vote per *shareholder* in director elections—the only state ever to do so in a general act in the period under study. In 1848 New York substantially revised its general act, with a more detailed and sophisticated statute. Like its 1811 act, New York's 1848 act was quite influential on subsequent lawmaking in other states.

In the 1850s, another fifteen states and territories adopted general acts, including a substantial number of Southern states (among all those that would secede from the United States in the Civil War, only South Carolina and Texas failed to adopt a general incorporation act for manufacturing firms prior to 1860). Many of the statutes adopted during this period, particularly those of Western states, incorporated substantial passages from New York's 1848 statute, which regulated the size of the board of directors, imposed a rule of one vote per share, and included a number of detailed provisions likely intended to protect the interest of creditors.[5] The laws of Southern states, however, generally did not incorporate as much of the language of the New York statute, and were quite different from those of the Mid-Atlantic States or the New England states in many respects. In particular, Southern states' general acts tended to impose relatively fewer restrictions on the internal governance of corporations. For example, the statutes of both Mississippi and Alabama make no mention of a board of directors or president—incorporators were permitted to choose whether or not to have a board, and if so, to structure it however they wished. Alabama's statute did, however, impose a rule of one vote per share, whereas Mississippi's granted incorporators discretion over the allocation of voting rights.

Some of the Southern states' statutes also included provisions that gave discretion over access to the law to a court or to the governor, who was given the power to exclude businesses seeking to incorporate from doing so, in language much more direct than Pennsylvania's 1836 law. Mississippi's statute, for example, states that "the governor may require amendments to or alterations to be made [to proposed corporations' certificates] ...or if deemed expedient by him, he may withhold his approval entirely."[6] Others, such as Georgia and the border state of

[5] These latter provisions included a limit on firm indebtedness; prohibitions against paying dividends out of the firm's capital or in insolvency; a required that the list of shareholders be kept publicly accessible "every day except Sunday and the Fourth of July"; and included detailed provisions regarding procedures by which shareholders could increase or decrease their firms' capital stock.
[6] The statutes of Louisiana and Virginia granted similar discretionary powers to judges.

Maryland, simply specified that only “free white” persons could make use of their corporation law.

During the 1850s, a number of states that adopted general acts in the 1840s and early 1850s amended their laws, perhaps motivated by experience with their statutes. Many of these amendments were focused on limits on capitalization; Tennessee and Illinois imposed such limits for the first time, whereas Connecticut and Massachusetts raised theirs. But there were some much more significant changes as well. In 1858, Wisconsin substantially re-wrote its corporation laws, removing its unusual provisions of unlimited liability for shareholders and the rule of one vote for each shareholder. And in 1852 Ohio radically revised its corporation laws, with new provisions that eliminated all restrictions on capitalization and board structure, while imposing unlimited liability on shareholders. This revision may have had unintended consequences, as the law was revised again in 1854, with provisions that restored limited liability to shareholders.

By 1860, 27 of 32 states and organized territories had adopted general incorporation acts. The proliferation of general acts is illustrated in Figure 1. Although the number of states with a general law remained quite small until the mid-1840s, New York’s population was such a large share of the nation’s that the fraction of the population living within a state with a general law was around 20 percent after 1811. The figure clearly illustrates the rapid adoption of these acts after 1845, which caused the fraction of the population living in a state or territory with a general law to increase from about 30 percent to more than 90 percent by 1860.

There was nonetheless considerable variation across regions in the rate at which general acts were adopted. Figure 2 presents the diffusion of general acts within the different regions of the country, with each panel depicting the share of the population of the region residing in states with general acts. Led by New York, the Mid-Atlantic States adopted general incorporation much earlier than the other regions. Ohio and Illinois’ adoption and repeal of general acts produced early volatility in the pattern for the Midwest, which eventually adopted general acts at high rates beginning in the late 1840s. By 1860, nearly 100 percent of the population of both the Mid-Atlantic and Midwestern states had access to general incorporation. In contrast, New England did not begin to adopt general acts until Connecticut's 1837 Act, and by 1860 only 60 percent of the population resided in states with general acts. The South stands out as adopting general incorporation the latest of all. The first Southern general act was Georgia's in 1847.

Political Economy of the Adoption of General Incorporation Acts

The adoption of a general incorporation act created a significant political transition, in which access to the corporate form (with some important conditions and exceptions) was opened to all entrepreneurs. The state government could no longer exercise discretion over access to incorporation, and incumbent firms or other interest groups could no longer insulate themselves from competition by using their political influence to block access to corporate charters. In many cases powerful interests resisted the adoption of general acts for some time, and it took economic and political crises, to weaken those interests sufficiently for a general act to be adopted.

The political party most often associated with the adoption of general acts was the Democrats. The Jacksonian anti-corruption impulse, which sought to undermine special privileges and vested rights, fuelled the efforts of the Democrats to push for the adoption of general incorporation acts. And indeed, at the time when the states finally did adopt general acts, 67 percent of the upper houses of their governments, and 57 percent of their lower houses, had Democratic majorities. Both houses had Democratic majorities 48 percent of the time.[7]

But the ultimate cause of the adoption of a general act, or the failure to adopt one, was not the relative influence of a political party, but the deeper economic and political forces that

[7] These calculations were made from data presented in Dubin (2007). The calculations were made for the period of the Second Party System (late 1820s until early 1850s). Legislators identified with parties allied with the Democrats, such as the Free Soil Party, were counted as Democrats in the calculations.

led to that political party's ascendance. In order to understand the adoption of general acts, we must therefore analyze the characteristics of the states' social and economic structure that may have contributed to the emergence of political factions friendly to general acts.

Which characteristics actually mattered? Some preliminary insights into the relationship between the states' economies and their decision to adopt general acts can be obtained by simply looking at a map. Figure 3 presents the eastern United States, with those that had adopted general incorporation by 1860 shaded. The states that failed to adopt general incorporation—Maine, New Hampshire, Rhode Island, Delaware, and South Carolina—were all located along the coast, and with the exception of South Carolina, were all quite small. The fact that these states were located along the coast may be an indication that the composition of economic activity, and in particular the share of the population engaged in trade and commerce, which was likely higher in those places, may have played a role in their failure to adopt general acts. For example, if general incorporation was expected to facilitate the creation of large numbers of new businesses that would seek to attract credit from banks and other lenders, then the terms under which existing firms throughout the economy obtained access to credit might have deteriorated.[8] The adoption of a general incorporation law may therefore have been perceived to risk disrupting the credit networks that were so essential to the operations of commerce.

The fact that the states that failed to adopt general incorporation were small, and also located near large and economically important states such as Massachusetts or New York that did adopt general incorporation, may be an indication that jurisdictional competition was a relatively unimportant factor in states' decisions to adopt such laws.[9] This is not to say that

[8] At a minimum, the emergence of large numbers of new borrowers may have driven up the cost of borrowing for incumbents. But additionally, if the new entrants were expected to be of lower 'quality' or higher risks, and if lenders were potentially unable to clearly distinguish among the quality of various borrowers, then incumbent firms might suffer the consequences of increased adverse selection in credit markets.

[9] It is important to bear in mind that the modern form of jurisdictional competition driven by the ability of firms operating in any state to incorporate in any other state, did not exist in the mid-nineteenth

jurisdictional competition was entirely unimportant, but it suggests that the failure of a state to adopt a general act when its neighbors did so was not perceived to cause significant problems. Perhaps states could compensate for the lack of a general act in other ways—for example by offering liberal access to special act charters.

A clear indication that this was the case is presented in Table 2, which displays the number of special-act charters granted to all businesses by 1840 per 100 residents in 1840.[10] The states are grouped according to whether or not they adopted a general act prior to 1860. The mean among those that did not adopt general acts, 0.117 charters per 100 persons, was more than twice as high as that of the states that did adopt general acts (0.052 charter per 100 persons), and the difference is highly statistically significant ($p=0.0073$). This suggests that a particular kind of political-economic equilibrium emerged in some of the states that did not adopt general acts. In particular, fairly broad access to the corporate form was granted through special-act charters, in exchange for the legislature continuing to maintain its control over the allocation of corporate privileges. That is, there was a kind of bargain: the legislature was retained discretion over access to the corporate form in exchange for rejecting potential incorporators only in exceptional circumstances. Liberal grants of corporate charters likely addressed concerns arising from the competitive pressures created by neighboring states' general acts. In addition, the need for fundamental reform of the chartering process through a general act would have been perceived as less acute, as the scope for corrupt influence was likely quite narrow in an environment in which charters were granted to the vast majority of applicants.[11]

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century, since states' laws discriminated against "foreign" corporations in different ways (see, for example, Henderson, 1918). Instead, firms might choose to incorporate *and locate* in states with more favorable corporation laws.

[10] Only states and territories for which 1840 census data are available are included in the table; Texas, California, Minnesota, and Kansas are excluded. Of these, only Texas failed to adopt a general act prior to 1860.

[11] An alternative interpretation of the correlation between high numbers of charters and the lower propensity to adopt general incorporation is that the large numbers of businesses operating under those charters constituted a powerful interest group that resisted the transition to general incorporation, and

Other elements of a state's social structure may also have influenced its propensity to adopt general laws. For example, some states may have had stronger associational cultures or may have developed institutions that encouraged participation in political or economic organizations, or reform movements. Other states may have been more important early centers of manufacturing, and entrepreneurs wishing to establish new firms within those states may have constituted and important constituency for general acts. Finally, the importance of slavery in a state's economy may have strongly influenced its political and economic structure, and in particular the openness of its institutions (Engerman and Sokoloff, 2002).

In order to investigate the relative importance of these different explanations for the variation in states' adoption of general acts, I estimate simple linear probability models, using data on state characteristics obtained from the federal census. All states and territories for which 1840 census data are available are included, and an indicator for whether or not the state adopted a general incorporation act prior to 1860 is used as the dependent variable.[12] Summary statistics of the data are presented in Table 3A. The data include several proxies for the strength of states' institutions of civil society, such as the number of newspapers per capita, which might have helped facilitate the flow of information regarding reform movements and mobilized the population against corrupt legislative practices, and the number of private educational 'academies' per capita, which may have reflected the population's eagerness to both create and invest in such local organizations. Also available from the census are data on the composition of economic activity in a state, such as the percentage of the population engaged in commerce, which as stated above was likely negatively correlated with the propensity to adopt general

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the new competition it would have created. However, the high rate at which the legislatures of those states apparently granted charters casts some doubt on this interpretation: incumbent corporations seeking to block access to the corporate form should have blocked access to charters, as well as general acts.

[12] The fact that a few states had already adopted general incorporation prior to 1840 would present a problem for this analysis, if their acts resulted in substantial changes in some of the variables included in the regression. Among the states that had previously adopted general incorporation, two repealed their statutes, and another three adopted them only a few years before 1840. Only New York, with its long history of operation under general laws, presents a serious problem, and excluding New York from the analysis does not change the results significantly.

incorporation, as well as the percentage of the population engaged in agriculture, and the log of total manufacturing capital. Census data on the fraction of the total population that was enslaved is also included.

The results of this analysis are presented in Table 3B. The regression in column (1) indicates that, as expected, the number of charters per capita previously granted to business corporations in a state was negatively associated with the adoption of a general act, and the number of newspapers per 100 persons was positively associated with adoption of an act. The log of total manufacturing capital in a state was also associated with an increased likelihood of adopting general incorporation, as expected. Although there were strong regional patterns among some of these variables, the results in column (2), which includes region fixed effects, do not differ substantially from those of column (1). That is, the within-region variation in factors such as previous special-act charters granted is driving the results, rather than the differences across regions.

Additional variables measuring the economic structure of the states are included in column (3). As expected, the fraction of the population engaged in commerce – the only available measure of the importance of trade and distribution in a state's economy – was strongly negatively associated with the adoption of a general act. The fraction of the population engaged in agriculture was also negatively associated with the adoption of a general act. This latter relationship may have been due to the perceived effects of general incorporation on credit markets, but it could also have been due to agrarian resistance to industrialization in general or corporations in particular. Finally, column (4) includes the number of slaves as a percentage of the states' total population. This measure of the importance of slavery in a states' economy was not strongly correlated with the likelihood that a state would adopt a general incorporation law. To the extent that slavery encouraged institutions hostile to forming new organizations and associations, this may have been reflected in the indicator variable for the South (which is included among the different region fixed effects). That is, the slave states may have been different from the states without slavery, but among the slave states, the degree of importance of slavery, as measured by the number of slaves per capita, was not an important determinant of the propensity to adopt a general act.

These results clearly indicate that a state's economic structure influenced its probability of adopting general incorporation. States with large commercial and agricultural sectors were less likely to make the transition, whereas those with large amounts of manufacturing capital, and large numbers of newspapers, were more likely to make the transition. In addition, the states that had previously granted charters to corporations quite liberally were less likely to adopt general incorporation, and this relationship is quite robust to the inclusion of a wide range of state characteristics. This suggests that, in practical terms, access to incorporation may not have been dramatically greater in states that adopted general incorporation, relative to those that did not. Although general acts almost certainly did improve access to the corporate form, the states that failed to adopt those acts were a highly selected group that granted corporate charters quite liberally. Researchers seeking to analyze the effect of general acts or to use general acts as indications of liberal access to the corporate form must take care to account for the selected nature of the states adopting such laws.[13]

The Terms of General Incorporation Acts

The analysis presented above modeled the transition to general incorporation as a binary choice. In reality, the terms of the acts adopted across the different states and territories varied substantially. The provisions of those acts indicated the terms under which the different states were willing to provide open access to the corporate form, and may have reflected some of the same political and economic forces that determined whether or not an act was adopted.

[13] In particular, any simple cross-sectional comparison will likely understate the effects of a general act, since the states that failed to adopt general incorporation—and therefore constitute the comparison or 'control' group of any study—offered liberal access to the corporate form, whereas those that adopted general acts in some cases were much more restrictive in their corporate chartering.

One way to understand the terms of general incorporation acts is that they were partly the outcome of a learning process, and reflected state governments' experience with corporations and with their statutes. Once states made the transition to general incorporation, they frequently revised their statutes—sometimes quite radically—in response to their own experiences administering their law. It is also likely that the flow of ideas across states influenced the terms of the general acts that were adopted, as new provisions were developed to address problems that arose. Certainly the authors of New York's 1811 statute, who were writing the first piece of legislation of its kind, faced a very different set of challenges than the authors of, say Minnesota's 1858 act, who could draw on dozens of statutes previously adopted by different states.

But the states responded to experience and to the body of existing statutes in very different ways. Some states general acts were quite prescriptive, whereas others granted entrepreneurs considerable freedom in configuring their enterprises. Without much more detailed and specific knowledge of nineteenth-century enterprise management and legal practice, it is not possible to conclusively identify which of the terms of these laws were the most important or onerous to contemporary entrepreneurs. What follows is a simple, descriptive characterization of the contents of the states' general incorporation acts, as they stood in 1860.

Most states' general acts included at least some restrictions on the governance institutions of firms. These were likely intended to ensure that the interests of investors were adequately represented in the management of the corporations, but they may have had the effect of constraining the corporations in other ways as well.[14] Table 4A presents summary statistics for a series of simple indicator variables summarizing common restrictions imposed on firms' internal governance in general acts. In 67 percent of these laws, the corporations were specifically required to have a president, and 59 percent of the time, the statutes specified a

[14] For example, a substantial literature has developed that analyzes purpose and effects of rules dictating particular configurations of stockholder voting rights within early corporations. On their political significance, see Dunlavy (2004); see Hansmann and Pargendler (2010) on their effects on consumers. Hilt (2013) presents a synthesis.

particular configuration of voting rights for shareholders. Also 59 percent of the time, the size of the board of directors was restricted, either with a minimum number of members, a maximum, or both. The table also includes summary statistics for these variables by region; with each, there is relatively little variation across regions, except in the South, whose statutes look quite different from those of the rest of the country. In particular, the general acts of Southern states were far less likely to impose these restrictions, and for two of the three variables the difference is highly significant.

Most general acts also included provisions intended to protect the creditors of corporations, and Table 4B presents summary data for several important examples of these. Limits on leverage—usually expressed as a rule that the total debts of the corporation could not exceed its capital, or some multiple of its capital—were imposed 48 percent of the time. Annual reports, which typically were required to list the firms' capital and total debts, and to be published in a local newspaper, were imposed 55 percent of the time.[15] Around a third of the statutes prohibited loans to stockholders, which could be used by unscrupulous insiders to withdraw their investment in the firm and weaken its capitalization. And 20 percent of the statutes required shareholders' contributions to the firms' capital to be in cash. Only 2 of the 27 states imposed unlimited liability on stockholders in 1860—California and Minnesota.[16] And 37 percent of the statutes imposed some minimum capitalization on firms. There is some regional variation in the frequency with which these rules were imposed, and in general, Southern states were somewhat less likely to impose them. But the differences between the South and the North are not nearly as strong as with the governance provisions.

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[15] These were likely intended to protect creditors rather than stockholders because they listed total indebtedness and also sometimes listed the names of the different stockholders, who were often subject to double liability for the firms' debts. Many statutes also required that the board of directors "make a report" to the stockholders at the corporations' annual meeting.

[16] Two states, Wisconsin and Ohio, imposed unlimited liability in earlier statutes, but then amended them prior to 1860. In addition, 13 states imposed unlimited liability on shareholders for debts to employees, and most states stripped directors of their limited liability in cases of fraud, or violation of other prohibitions such as those against loans to stockholders or debts in excess of their capital.

A third category of provisions frequently imposed within general acts circumscribed the powers of corporations in various ways, and are perhaps best characterized as measures intended to ensure some degree of control of the state over the corporation. These are presented in Table 4C. For example, 24 percent of the laws limited the duration of the incorporation. The average value of this limit was 39.5 years. In 41 percent of the laws, a maximum capitalization was imposed, which in most cases ensured that firms wishing to reach a very large scale had to seek a charter from the state. Only 11 percent of the statutes specifically listed the industries that could be pursued by firms incorporated under the act, and 48 percent of the statutes required some fraction of the corporations' directors to be residents of the state. Finally, a third of the laws included a condition that if the firm failed to commence operations within two years, its status as a corporation would be terminated. Among these state control provisions, there is far less of a discernible regional pattern. Southern states were less likely to impose some of these provisions, but with most there is no meaningful difference.

Table 5 presents summary statistics for aggregations of these variables. That is, each variable is defined as the sum of the variables within its corresponding panel of Table 4. But it includes two additional variables as well.

The first is termed Exclusions. Two of the states, Georgia and Maryland, specifically restricted access to their statutes to "free white" persons. These exclusions may have been motivated by a desire to preserve the social and economic order, and ensure that non-whites were not able to form business corporations that could potentially elevate their economic and social status. However, they may also have been motivated by a desire to prevent non-whites from creating organizations that would enable them to associate, and that enjoyed legal protections from state interference.[17] Another four states imposed a rule that the certificates of entrepreneurs wishing to incorporate their firms were not automatically recorded, but were

[17] Southern states in fact restricted blacks from associating in numbers in the absence of white observers. See the discussion in Brooks and Guinnane (2014).

instead scrutinized by some public official. Although these measures could in principle be used to simply ensure compliance with the terms of the statute, the also gave the state the authority to exclude groups, such as non-whites, from access to the corporate form. As Table 5A makes clear, the South was quite different from the rest of the country in the degree to which it included these exclusionary terms in its laws.

In addition, column (5) of Table 5A includes summary data for a variable called Total Restrictions in Act, which is defined as the sum of the entries in columns (1) through (4). This is an ad hoc measure of the overall degree of restrictiveness of a state's corporation law. It should not be interpreted as a true measure of the restrictiveness of a state's law, since it imposes equal weights on all of the provisions, whereas some were undoubtedly much more important than others. Even though the Southern states were more likely to impose exclusions in their laws, their overall level of total restrictions was lower than that of any other region, and the difference is statistically significant. Southern states' laws generally offered incorporators more freedom in the design and operation of their enterprises.

Table 6 displays the value of this measure for each of the 27 states with general acts in 1860, organized by region. Although the small numbers of individual states make comparisons difficult, the New England and Mid-Atlantic states are much more uniform in the degree of stringency of their laws, as indicated by the total number of restrictions in their acts. In contrast, there is considerable variation within the states grouped as the "Midwest and West," with Kentucky, Michigan and Illinois' laws being quite different from those of Iowa, Kansas and Ohio. In the South, with the exception of the outlier Tennessee, the statutes were quite unrestrictive.

Some of the different categories of restrictions may have served as substitutes for one another. One might imagine, for example, that a statute that imposed a strong degree of creditor protections might have been perceived as needing fewer measures to ensure that the state had adequate control over the enterprise. But Table 5B presents the simple correlations among these provisions, and shows that they are almost always positive. That is, states with a higher level of governance restrictions tended to also have a higher degree of creditor protections and also a greater number of state control measures. This could be a sign that some state governments took a consistently more restrictive stance toward corporations than others. However, it could also be a sign that with experience, some states produced more detailed corporation statutes that covered a broader range of contingencies and included more detailed regulations. The one exception to this pattern of positive correlations is with the exclusions, which are negatively correlated with all of the other measures. Perhaps the Southern states were willing to grant broad freedoms to entrepreneurs, so long as they could ensure that those entrepreneurs did not exclude members of the bottom of their social order.

On the other hand, the distinctive pattern of less restrictive corporation laws among the Southern states could simply reflect the fact that those states had far less experience with the corporate form, since they had chartered relatively small amounts of corporations prior to 1840 (see Table 2). They also adopted general acts at later times than states in other regions (see Figure 2), so in addition to having less experience with administering and refining their law, they may have been influenced by any trend toward more permissive statutes that could have been present in the late 1850s.

In order to disentangle these two potential explanations for the permissive nature of the Southern statutes, Table 7 presents a series of simple regressions, in which the relationships between the statutes' characteristics and the states' level of corporate charters in 1840 and years of experience with its general act are estimated. These regressions are then repeated with the inclusion of a regional fixed effect for the South. If the differences between the South and the North are simply due to the timing of the South's Acts or their infrequent grants of charters prior to 1840, then the patterns within the South and within the North of states with similar levels of charters in 1840 and years of experience with general laws should be the same—the inclusion of the South fixed effect should not reduce the estimated effect of those variables. If, however, the South is different for other reasons, then the South fixed effect should dominate.

The results in Table 7 indicate that with respect to governance provisions, the South was genuinely unique. The estimated relationship between the level of charters in 1840 and years of experience with a general act is completely transformed with the inclusion of the Southern fixed effect, which has a large negative effect. With creditor protections, the estimated relationships are similar, but the coefficients are smaller and less precisely estimated. Southern states were unique in this respect as well, but the difference was not so sharp.

On the other hand, the estimated relationship between 1840 charters and years of experience with the state control measures included in general acts is quite robust to the inclusion of the South fixed effect. Those regressions clearly indicate that the states that had previously granted large numbers of charters were considerably less likely to include as many state control measures in their laws, and that relationship holds within the North and South. The states that already had large numbers of corporations felt it less necessary to circumscribe the powers of new corporations' in their general acts.

Finally, with regard to the exclusions, unsurprisingly the South was quite unique. Relative to other states that adopted their general acts relatively late, Southern states were far more likely to impose such measures.

With regard to many of the terms of general acts, then, there were significant differences between Northern and Southern states, and these appear not to be driven simply by the different timing of Southern states' adoption of their laws, or the lack of experience with chartered corporations in the South. The general acts of Southern states were less restrictive than those of Northern states, perhaps because they were much more likely to exclude access to their terms to elements of society over which they wished to retain control.

Conclusion: General Acts and the Transition to Open Access

Over the course of the nineteenth century, business corporations became increasingly important within the American economy, and ultimately transformed economic life. The states' general incorporation acts facilitated the creation of the majority of these corporations, and regulated their governance, capital structure, and operations. This paper has documented the earliest general acts for manufacturing corporations in the United States, and the terms they contained. It also analyzed the political, economic, and social forces that influenced the decision to adopt or resist general acts. Several distinct insights follow from the analysis.

First, many states adopted general acts far earlier than has previously been documented. Following New York's 1811 Act, the states of New Jersey, Ohio and Illinois adopted similar acts, although all three of the latter statutes were eventually repealed. Other states, including Georgia and Missouri, first adopted general incorporation acts somewhat later, in the 1840s, but this was several decades earlier than previous scholarship has indicated. Ascertaining the extent to which any of these statutes were actually utilized, and the reasons for the repeal of many of the early acts, will require further research. But these laws may have opened access to the corporate form, at least in a formal legal sense, much earlier than previously believed.

On the other hand, a second insight that follows from the analysis of this paper is that the transition to general incorporation did not always represent a discrete change in the degree to which entrepreneurs enjoyed access to the corporate form. Rather than moving from limited access to truly open access, early general acts often represented more of an intermediate step. Many imposed restrictive terms, such as limits on capitalization, which forced some entrepreneurs to continue seek special charters for their enterprises that did not include such limitations. Others specifically excluded non-whites or gave the state broad authority to deny access to the statute—these were not yet impersonal rules in the sense of Wallis (2011).

Moreover, many states that did not adopt general acts offered liberal access to incorporation. Relative to their populations, several of those states granted charters to extraordinary numbers of corporations. Although a general act would have lowered the cost of incorporating and broadened access to the form at least somewhat, it seems likely that at least in the first half of the nineteenth century, states could offer something close to open access to incorporation through chartering, if they wished. This implies that researchers seeking to analyze the effect of general acts or to use general acts as indications of liberal access to the corporate form must take care to account for the selected nature of the states adopting (or failing to adopt) such laws.

Another insight from the analysis of this paper is that the terms of general acts varied substantially across states. Although most states' laws included passages borrowed from those of other states, and many terms were copied whole cloth from influential acts such as New York's 1848 statute, there was significant variation across different regions, with Southern states generally adopting statutes that were less restrictive in nearly every respect than those of other states. This difference was not simply due to the fact that Southern states had less experience with corporations—even compared to other states with similarly low numbers of existing corporations, Southern states' laws were less restrictive. One might conjecture that this was due in part to the extremely restrictive terms governing access to the laws in Southern states. Given that they could ensure that only the "right" elements of the population could use the laws, they may have felt that detailed restrictions on the enterprises they created were unnecessary.

But in addition to this regional variation, some states adopted laws that were quite idiosyncratic. Especially within the West and Midwest, there was substantial variation across states in the structure and degree of restrictiveness of general acts. Iowa's 1847 law—the most permissive of all statutes examined for this study—imposed almost no restrictions on the businesses it incorporated. In contrast, the statutes of the adjacent states of Wisconsin, Illinois, and Missouri were substantially more restrictive, with Wisconsin even briefly imposing a rule of one vote per shareholder. Whereas New England seems to have had its own legal culture and fairly uniform corporation statutes, and the same was true to a somewhat lesser extent of the Mid-Atlantic States, there was considerably more variation among the states of the Midwest.

The variation in the terms of general acts suggests fascinating questions to pursue in future research. How did states' general acts evolve over subsequent decades? Was there greater convergence within and across regions in the years following the Civil War? And finally and perhaps most importantly, did it actually matter – in the sense of producing fewer or smaller or different corporations – if a state put in place a restrictive general act? As states' historical records become more accessible, the requisite data to pursue these questions may become available.

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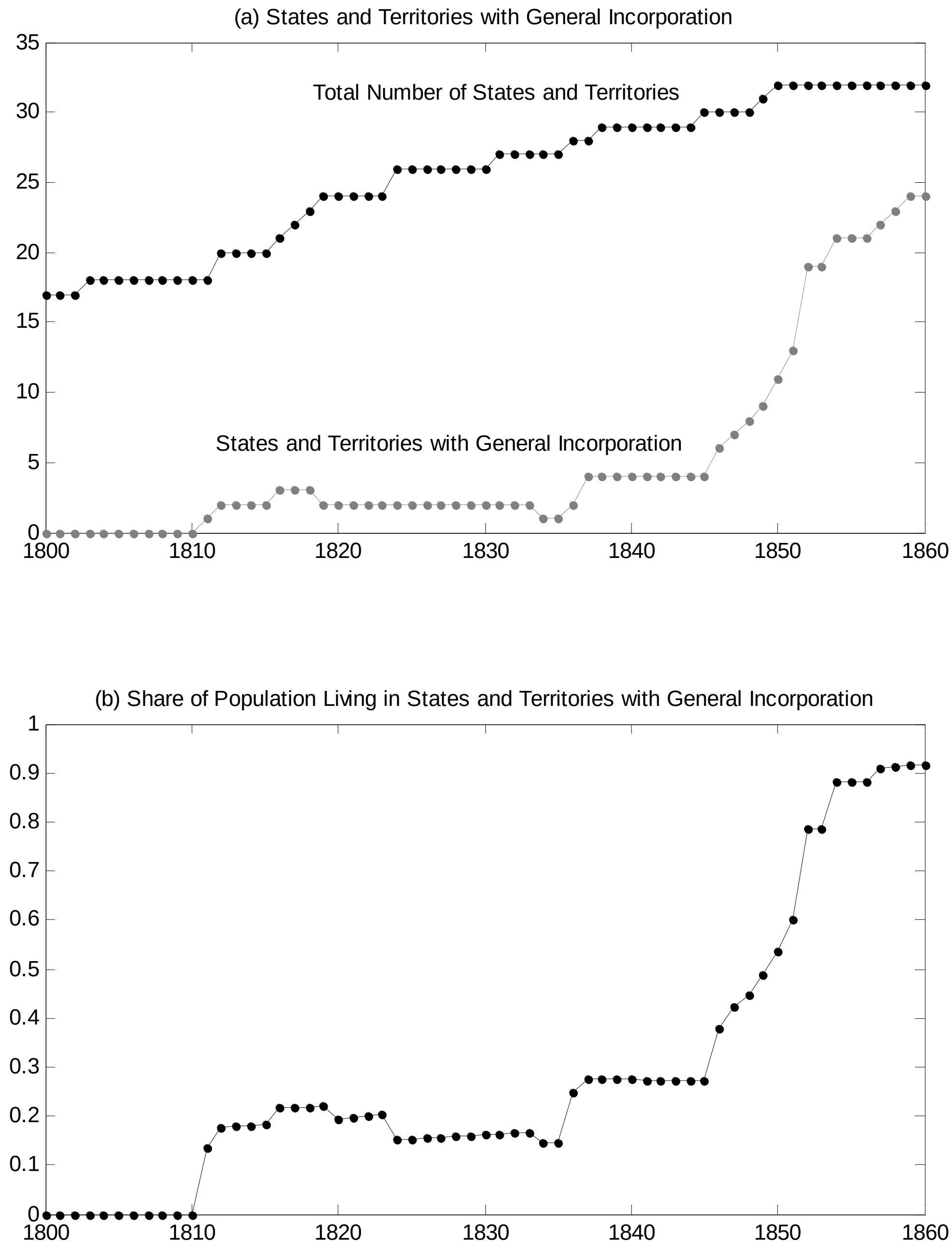

Figure 1:
Adoption of General Incorporation Acts by States and Territories

The upper figure presents total states and organized territories included in the most recent decennial census. The lower figure presents the share of total population in states and territories with general incorporation acts for manufacturing enterprises in place. Population levels for individual states linearly interpolated between census years.

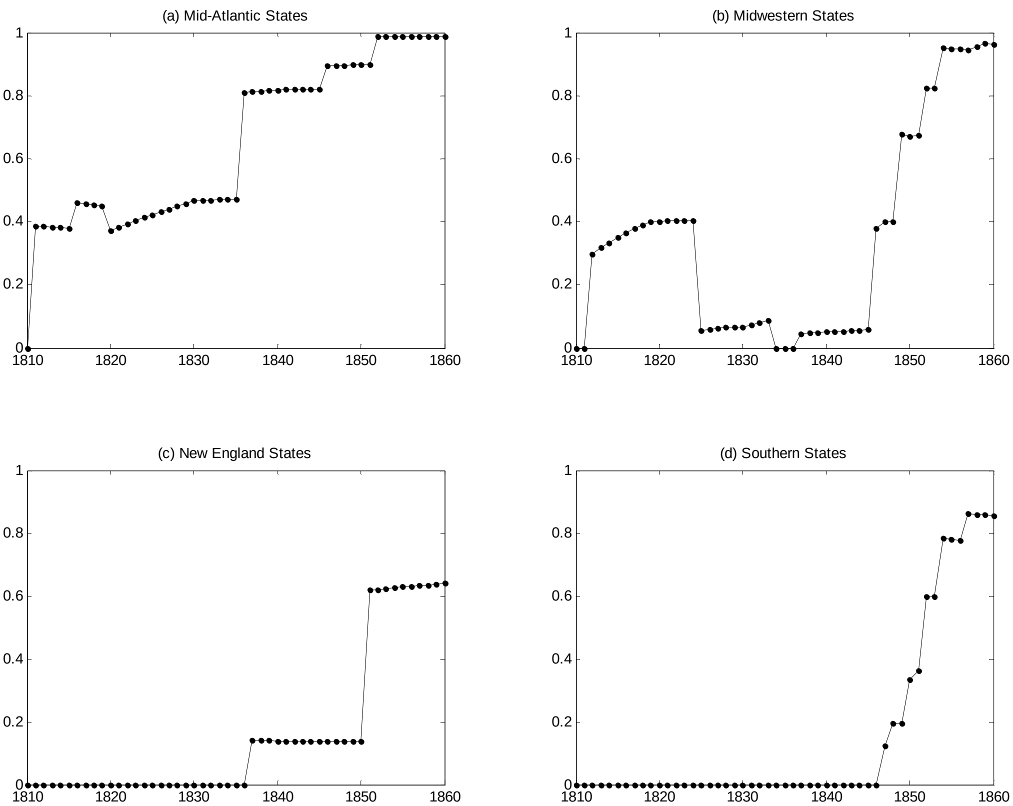

Figure 2:
Proliferation of General Acts Among Different Regions

The figure presents the share of total population in states and territories with general incorporation acts for manufacturing enterprises in place for each region. The Mid-Atlantic states are defined as New York, New Jersey, Pennsylvania, Maryland, and Delaware. Virginia is included among the Southern states, which are defined as those that seceded during the Civil War. Population levels for individual states linearly interpolated between census years.

Figure 3:
Adoption of General Incorporation Among the Eastern States, 1860

The shaded states are those that had adopted general incorporation for manufacturing enterprises by 1860. Those that had not adopted general incorporation included Maine, New Hampshire, Rhode Island, Delaware, and South Carolina. States and territories that had adopted general incorporation but are not included in the figure include California and the Kansas Territory.

Table 1:
American States' and Territories' First General Incorporation Acts for Manufacturing Firms, 1811-1860

Year	State	Citation; Major Amendments or Additional Legislation up to 1860
1811	New York	Laws, Ch 67; Laws, 1848, Ch 40, 1853, Ch 333, 1855, Ch 301, 1857,Ch 29, Ch 262
1812	Ohio* (repealed 1824)	Laws, Ch 15
1816	New Jersey* (repealed 1819)	Laws, Feb 9, 1816
1824	Illinois* (repealed 1833)	Laws, December 16, 1824
1836	Pennsylvania	Laws, No 194; Laws, 1849, No 368, 1851, No 295, 1852, No 371, 1853, No 186, 1860, No 341
1837	Connecticut	Laws, Ch 63; Revised Statutes (1854), Title III
1837	Michigan*	Laws, No 121; Laws, 1853, No 41, 1855, No 19, 1857, No 76
1846	Ohio (first after repeal of 1812 act)	Laws, Feb 9, 1846; Laws, May 1 1852, April 17, 1854, May 1, 1854, March 30, 1857, April 12, 1858
1846	New Jersey (first after repeal of 1816 Act)	Laws, Feb 25, 1846; Laws, March 2 1849, March 7, 1850, February 25, 1852, March 10, 1853, March 15, 1860, March 22, 1860
1847	Georgia*	Laws, December 22, 1847
1847	Iowa	Laws, Ch 81; Revised Statutes (1860), Title X
1848	Louisiana	Laws, No 100; Revised Statutes (1856)
1849	Wisconsin	Laws, Ch 51; Revised Statutes (1858), Ch 73
1849	Illinois* (first after repeal of 1824 Act)	Laws, Feb 10, 1849; Laws, February 18,1857, April 26, 1859
1849	Missouri*	Laws, March 12, 1849; Revised Statutes (1855), Ch 37, Laws, 1855, Ch 34
1850	California	Laws, Ch 128; Compiled Laws of California (1853), Ch 77, Ch 78, Laws, 1858, Ch 181
1850	Tennessee	Laws, Ch 179; Code of Tennessee (1858), Title 9, Chapter 2
1851	Arkansas*	Laws, Jan 2, 1851
1851	Vermont	Laws, No 60; Compiled Statutes (1851), Ch 83
1851	Massachusetts	Laws, Ch 133; General Statutes (1859), Chs 60 and 61
1852	Alabama	Code of Alabama, Part 2, Title 2, Chapter 3
1852	Florida	Laws, Ch 490
1852	Indiana	Revised Statutes, Ch 66
1852	Maryland	Laws, Ch 322; Maryland Code (1860), Art 26
1852	North Carolina	Laws, Ch 81; Revised Code (1854), Ch 26, Laws, 1855, Ch 31
1854	Kentucky	Laws, Ch 1012
1854	Virginia	Laws, Ch 47; Code of Virginia (1860), Ch. 57
1857	Mississippi	Revised Code, Ch 35
1858	Minnesota	Laws, Ch 78
1859	Kansas Territory	Laws, Ch 490; Revised Statutes (1855), Ch 28

*Denotes statutes not included in the Hamill (1999) tabulation.

Table 2:
Charters granted to businesses per 100 persons, 1840
Among states that did and did not adopted general laws prior to 1860

	Charters per 100 persons
States that adopted general acts	
Alabama	0.019
Arkansas	0.025
Connecticut	0.050
Florida	0.105
Georgia	0.021
Illinois	0.038
Indiana	0.035
Iowa	0.014
Kentucky	0.037
Louisiana	0.031
Maryland	0.077
Massachusetts	0.193
Michigan	0.045
Mississippi	0.024
Missouri	0.019
New Jersey	0.097
New York	0.055
North Carolina	0.024
Ohio	0.036
Pennsylvania	0.049
Tennessee	0.015
Vermont	0.111
Virginia	0.053
Wisconsin	0.078
Mean	0.052
States that did not adopt general acts	
Delaware	0.093
Maine	0.128
New Hampshire	0.159
Rhode Island	0.189
South Carolina	0.018
Mean	0.117

Source: Total charters allocated to businesses from Sylla and Wright (2013). Total population in 1840 from the federal census. States and territories that were not organized in 1840 or were not included in the 1840 census are not included in the table.

Table 3:
States' Adoptions of General Incorporation Acts Prior to 1860

3A: Summary statistics

	Mean	SD	Min	Max	*N*
General Incorporation Act	0.82	0.39	0	1	29
State Characteristics, 1840:					
Charters per 100 persons	0.06	0.05	0.01	0.19	29
Log(total manufacturing capital)	15.30	1.31	12.20	17.83	29
Academies per 100 persons	0.02	0.01	0.00	0.05	29
Newspapers per 100 persons	0.01	0.00	0.00	0.02	29
Percent of population employed in agriculture	23.09	6.10	11.91	37.20	29
Percent of population employed in commerce	0.69	0.47	0.22	2.43	29
Percent of population enslaved	15.80	19.75	0	55.02	29

3B: Regression analysis of whether a state adopted a general incorporation act prior to 1860

	(1)	(2)	(3)	(4)
Charters per 100 persons	-6.127**	-5.040*	-5.620**	-5.760**
	(1.989)	(2.149)	(1.642)	(1.659)
Log(total manufacturing capital)	0.0899*	0.123+	0.103+	0.102+
	(0.0413)	(0.0669)	(0.0561)	(0.0562)
Academies per 100 persons	-0.531	-2.847	-6.395	-8.266
	(5.664)	(8.049)	(8.363)	(10.41)
Newspapers per 100 persons	49.24*	50.88*	49.43*	52.15*
	(18.25)	(18.69)	(20.49)	(19.82)
Percent of population employed in agriculture			-0.0379+	-0.0422*
			(0.0205)	(0.0194)
Percent of population employed in commerce			-0.201*	-0.234+
			(0.0835)	(0.112)
Percent of population enslaved				0.00374
				(0.00929)
Constant	-0.606	-1.244	-0.0212	0.0931
	(0.709)	(1.220)	(1.095)	(1.101)
Observations	29	29	29	29
R-squared	0.441	0.463	0.558	0.563
Region FE	NO	YES	YES	YES

Robust standard errors in parentheses
** p<0.01, * p<0.05, + p<0.1

Table 4:
Variation in the Terms of States' General Acts, 1860

4A: Regulations of Internal Governance

	Must Have President	Specific Stockholder Voting rights System imposed	Board Size Restricted
New England	1.00	0.67	1.00
Mid Atlantic	1.00	0.75	1.00
Midwest or West	0.82	0.64	0.73
South	0.22	0.44	0.11
All	0.67	0.59	0.59
p-value, South vs. Other	0.0001	0.22	0.0001

4B: Creditor Protections

	Limit on Leverage	Annual Report Required	Loans to Stockholders Prohibited	Unlimited Liability	Capital Contributions Required to be in Cash	Minimum Capital
New England	0.67	0.67	0.33	0.00	0.00	0.67
Mid Atlantic	0.75	0.75	0.75	0.00	0.25	0.50
Midwest or West	0.45	0.73	0.27	0.18	0.18	0.36
South	0.33	0.22	0.22	0.00	0.22	0.22
All	0.48	0.55	0.33	0.07	0.19	0.37
p-value, South vs. Other	0.29	0.012	0.40	0.31	0.73	0.27

4C: State Control of Enterprise

	Duration of Incorporation Limited	Maximum Capital	Exact Industries Specified	Director Residency Requirement	Incorporation Terminated After 2 yrs Nonuse
New England	0.00	0.67	0.00	0.33	0.00
Mid Atlantic	1.00	0.00	0.25	1.00	0.50
Midwest or West	0.91	0.27	0.00	0.64	0.36
South	0.67	0.67	0.22	0.11	0.33
All	0.24	0.41	0.11	0.48	0.33
p-value, South vs. Other	0.55	0.055	0.21	0.005	1.00

Table 5:
Terms of States' General Acts, 1860

5A: Summary Measures

	Governance Restrictions	Creditor Protections	State Control	Exclusions	Total Restrictions
New England	2.67	2.33	1.00	0.00	6.00
Mid Atlantic	2.75	3.00	2.75	0.25	8.75
Midwest or West	2.18	2.18	2.18	0.00	6.54
South	0.78	1.22	2.00	0.56	4.55
All: Mean	1.85	2.00	2.07	0.22	6.14
Standard Deviation	(1.17)	(1.33)	(0.95)	(0.42)	(2.58)
p-value, South vs. Other	0.002	0.029	0.78	0.002	0.020

5B: Correlations

	Governance Restrictions	Creditor Protections	State Control	Exclusions
Governance restrictions	1.000			
Creditor protections	0.545	1.000		
State control measures	0.423	0.271	1.000	
Exclusions	-0.476	-0.205	-0.232	1.000

Table 6:
Index of Restrictiveness of States' General Acts, 1860

State	Total Restrictions in General Act
New England	
Connecticut	6
Massachusetts	6
Vermont	6
Mid-Atlantic	
Maryland	9
New Jersey	8
New York	8
Pennsylvania	10
South	
Alabama	4
Arkansas	4
Florida	4
Georgia	5
Louisiana	3
Mississippi	4
North Carolina	2
Tennessee	10
Virginia	5
West	
California	8
Illinois	10
Indiana	6
Iowa	2
Kansas	3
Kentucky	8
Michigan	8
Minnesota	6
Missouri	10
Ohio	3
Wisconsin	8

Table 7:
Determinants of States' General Act Terms

	Governance Restrictions		Creditor Protections	
	(1)	(2)	(3)	(4)
Charters per 100 persons	9.266+	3.495	7.622	3.497
	(5.126)	(5.866)	(5.888)	(6.431)
Years since first general act	0.0466*	0.0175	0.0252	0.00448
	(0.0171)	(0.0117)	(0.0229)	(0.0197)
South		-1.472**		-1.052
		(0.499)		(0.679)
Constant	0.749	1.977**	1.235*	2.113*
	(0.514)	(0.661)	(0.572)	(0.799)
Observations	24	24	24	24
R-squared	0.229	0.506	0.082	0.192

Robust standard errors in parentheses
** $p<0.01$, * $p<0.05$, + $p<0.1$

	State Control Measures		Exclusions	
	(1)	(2)	(3)	(4)
Charters per 100 persons	-6.800*	-8.490*	-2.080	-0.318
	(3.110)	(3.287)	(1.425)	(1.420)
Years since first general act	0.0177	0.00917	-0.0133+	-0.00442
	(0.0130)	(0.0154)	(0.00693)	(0.00520)
South		-0.431		0.449*
		(0.460)		(0.209)
Constant	2.293**	2.652**	0.530*	0.155
	(0.391)	(0.487)	(0.198)	(0.160)
Observations	24	24	24	24
R-squared	0.116	0.153	0.115	0.306

Robust standard errors in parentheses
** $p<0.01$, * $p<0.05$, + $p<0.1$