

J.S. Mill, Corporate Disclosure, and Trollope's *The Way We Live Now*

This paper argues that J.S. Mill's views on the disclosure of corporate financial affairs provide the theoretical foundation underlying Anthony Trollope's critique of the limited liability joint-stock company in *The Way We Live Now* (1873). Trollope's portrayal of corporate fraud as the product of insufficient financial disclosure renders in narrative form Mill's view that legal requirements ensuring the publication of the corporate affairs of joint stock companies are warranted in order that individual investors have sufficient information to make rational investment decisions. Trollope's narrative thus illustrates Mill's conception of the regulatory role of the state in the economic domain as one that fosters rational economic behavior by ameliorating market imperfections. Mill's views on corporate disclosure challenged competing conceptions of the state in a regulatory role as unnecessary or harmful, or, conversely, as tutelary. Realist, individualizing narratives such as Trollope's represent an important site through which Mill's alternative conception of state regulation as compatible with market efficiency was articulated, as classical economic theory lacked the conceptual foundation on which to incorporate information asymmetries into a model of rational investment behavior.

D.M. Lovett