1 HISTORY OF THE RUSSIAN COMPANY LAW

It was in the late 18th century that a company akin to a joint-stock company called the Russian-American Company was founded in Russia. Some more companies followed, and in 1836, the Statute on Stock Companies (aktsionernaiia kompaniiia) was enacted. It was the intention of Speranskii, when compiling Svod zakonov, to combine the civil and commercial codes, but for technical reasons, some of the commercial provisions had to be separated from the civil law. In the Svod zakonov, the part on civil law in volume X part 1 contained provisions on companies (tovarishchestvo) including joint stock companies. Most of the provisions on joint stock companies came from the 1836 Statute. The Statute on Commerce (ustav torgovyi), which was accommodated in volume XI part 2 of the Svod zakonov, also had some provisions on commercial companies such as full partnership, limited partnership, limited liability companies and joint-stock companies.¹ This was obviously insufficient, and attempts were made to modernise company law. The draft Civil Code (grazhdanskoe ulozhenie) of 1905 accommodated company law provisions in Book V – law of obligations. Some 160 provisions were allocated to joint stock companies.² However, these attempts to enact a commercial code or a new law on joint-stock companies failed, and therefore, the 1836 Statute served as the basic law on joint-stock companies until the October Revolution.³

---

² Grazhdanskoe ulozhenie: proekt vysochaishche uchrezhdennoi redaktsionnaia kommissia po sostavleniu grazdanskogo ulozheniia, St.Petersburg 1905.
³ Shershenevich, supra, pp.128-129.
After the Revolution, the Civil Code of the RSFSR was enacted in 1922.\(^4\) This was the beginning of the New Economic Policy, the period in which the Bolsheviks pursued a policy of mixed economy—socialist and market. The 1922 Code, which was close to the draft Civil Code prepared earlier in the century, incorporated provisions on commercial companies including limited liability companies and joint-stock companies.\(^5\) In 1927, a separate statute on joint stock companies was enacted.\(^6\) However, the government abandoned the New Economic Policy in 1928 and embarked on the course of “socialist industrialisation” which made commercial companies based upon private capital totally redundant. In fact, under a system in which the means of production was to be solely owned by the state, it was an anathema to allow the “accumulation of private capital”. Even small private entrepreneurial activities were banned under the threat of criminal penalties.

It was only in 1988 that a limited scope of private entrepreneurial activity was legalised. The newly enacted Law on Co-operatives allowed individuals to form and invest in co-operatives and perform entrepreneurial activities as long as the size of business remained small and others were not employed.\(^7\) Co-operatives were allowed to operate outside the state economic plan and to determine the price of the product by themselves. It was a monumental piece of legislation allowing de facto companies to be set up by individuals. By 1990, there were around 210,000 co-operatives, but with the liberalisation of various forms of companies, they were converted into companies and the number declined.

In the socialist period, there were no commercial companies; instead, there were state enterprises which were solely owned by the state.\(^8\) In place of company law, there was the Law on State Enterprises which was part of the administrative law. This Law regulated the vertical relationship between the ministries and enterprises rather than the horizontal relationship between the enterprises. Under the planned economy, state enterprises conducted business in strict conformity with the state economic plan. The autonomy of these enterprises was severely limited, although they were granted juridical personality and had a separate balance sheet. In the absence of the market, prices were determined by the state economic plan. State enterprises did not have the power to dispose of their income and make investments. They did not even have the power to conclude a contract unless so mandated by the plan. It was only towards the end of socialism that state enterprises came to be granted some autonomy.

\(^4\) \textit{SU RSFSR}, 1922 No.71, item 904.
\(^5\) An English translation can be found in Gsovski, \textit{Soviet Civil Law}, vol.2, Ann Arbour 1949.
\(^6\) \textit{SZ SSSR}, 1927 No.49, item 499.
\(^7\) \textit{VVS SSSR} 1988 No.22, item 355.
\(^8\) Some foreign trade organisations and other entities were joint-stock companies, but the state was the sole shareholder.