

## **Corporate governance**

**As Mr [Charles] Dumas argues in his book [Populism and Economics] this Victorian invention [limited liability] ensures that a company and its owners have only limited exposure to damaging consequences of their actions.**

**Yet the implicit contract behind limited liability – companies pay tax in exchange for limited exposure – has broken down because globalisation has turned corporate taxes into an increasingly voluntary levy.**

**Limited liability also contributed to excessive risk-taking in banking before the 2007-8 crisis.**

**John Plender, Financial Times, July 26, 2018**