

# Washington University Law Review

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Volume 15 | Issue 1

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January 1929

## Review of “Studies in the Law of Corporation Finance,” By Adolph Berle, Jr.

Harry W. Kroeger

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### Recommended Citation

Harry W. Kroeger, *Review of “Studies in the Law of Corporation Finance,” By Adolph Berle, Jr.*, 15 ST. LOUIS L. REV. 108 (1929).

Available at: [http://openscholarship.wustl.edu/law\\_lawreview/vol15/iss1/21](http://openscholarship.wustl.edu/law_lawreview/vol15/iss1/21)

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STUDIES IN THE LAW OF CORPORATION FINANCE, by *Adolph A. Berle, Jr.*  
Chicago: Callaghan & Company, 1928.

The law still has its frontiers, and, as the social organism progressively expands, so must the law, if it perform its function, marshal the advance. Mr. Berle's book must be understood as a pioneer enterprise, an attempt to discern the principles of law which are being developed in keeping with the new phenomena of corporation finance. To approach the book with the idea of finding a handbook of practice or a treatise on some crystallized branch of the law, would be to misconceive the primary purpose. We feel indebted for numerous suggestions as to the handling of corporate organization, but those suggestions are incidental to a deeper study.

Mr. Berle's field of inquiry is the protection to be accorded to stockholders under modern business conditions and in the face of new forms of corporate organization which have rendered old doctrines of the law of corporations obsolete. With the divorce of corporate management from actual ownership of the corporation, with the growth of non-voting stock, accompanied by so-called "bankers' control," with the right given to the management under new legislation to sell no par stock at a price fixed by the Board of Directors, with the opportunity afforded manipulation through the device of controlled subsidiaries, old doctrines have become inadequate to protect inactive and minority stockholders and a need for new doctrines has arisen. Mr. Berle sees a gradual development of the control of courts of equity over the acts of corporate managements in the interest of the real proprietors of the enterprise. The authorities are scant and the rules only loosely formulated, but the treatment is seen as a reaffirmation of vitality in our courts of equity.

Mr. Berle's chapters on cumulative preferred stock, participating preferred stock, stock purchase warrants and convertible bonds, as well as his treatment of the doctrine of "freezing of capital" upon reorganization with no par shares, have to do largely with the growth of charter interpretation, but they have coherence with the general theme of equitable control of the corporate management in that the newly evolved rules of interpretation constitute limitations on the unbridled discretion of the managements. To us it seems that the high point of the book is reached in that clearly defined discussion of non-cumulative preferred stock, where Mr. Berle depicts the growth of the doctrine that earnings must, so far as the rights of the various classes of stockholders are concerned, be "christened at birth," so that, though the discretion of a Board of Directors to declare or not to declare a dividend remains unimpaired, yet the earnings, which might rightfully be declared in favor of a given class of stockholders, constitute an equitable fund in their favor.

The book has the merit of lucid style and is mechanically satisfying.

We regret that there should have been included in it the first chapter, which deals with the origin and history of the conception of a corporation at the common law. Whether the corporation be deemed to be created by act of the sovereign or by the contract of the parties, would seem to

constitute a discussion having no relation to the general topic, which relates to the internal affairs of the corporation.

HARRY W. KROEGER.

St. Louis, Missouri.

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LAW AND SOCIAL WORK, by *John S. Bradway*. Chicago: The University of Chicago Press, 1929. Pp. xx, 189.

The purpose of this book is to relate the law and its administration to the problems of social workers, or, to put it somewhat differently, to orient the social worker, both factually and psychologically, in the law as it relates to his objectives. The purpose is avowedly and wisely not to make the social worker a legal adviser of society's wards, but to reveal why, and how, and to what extent social agencies require legal aid.

Anyone, with even a small knowledge of social work, knows that the problems of the poor frequently have in part a legal phase. It is desirable that social case workers should have at least a speaking acquaintance with the legal questions which are of fairly frequent recurrence, so that the case history may reveal such questions and furnish a factual basis for a sound determination thereof.

It is believed that the author has performed his task with eminent success. The effort to write law or about law for laymen is always difficult. Not the least of the difficulties is to preserve a proper balance between too much detail and too great generalization. Mr. Bradway has done well in this respect. He has written with a keen appreciation of the problems of social workers born of a long interest in and contact with social agencies and especially with the charitable activities of the Bar in the form of legal aid and law school legal clinics. It is fair to say that no one is better prepared than the author to render this service—a service not only to the social workers but to the administration of justice in some of its finer and much needed aspects.

The broader titles in the table of contents reveal not only the scope of the book but the author's appreciation of the needs of the field: I, The Philosophy of the Field of Legal-Social Relations; II, Rules of Law in General; III, The Machinery for Administering the Law; IV, Particular Rules of Law. Under the latter title are included a treatment of such topics as wage claims, small loans, assignments and garnishments, installment contracts, workmen's compensation, crimes, estates, especially of minors, feeble-minded or insane persons and habitual drunkards, domestic relations, including of course the problems of desertion, abandonment, and non-support, parent and child, persons under abnormal physical, economic, social and political conditions. Finally there is a bibliography of interest and value.

Apart from a few details of minor importance the only criticism we would offer is that more space could well be given to the functioning of the Juvenile Courts and the legal problems which head up in such courts and