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BOOK REVIEWS

HANDBOOK FOR PENSION PLANNING. By Fleming Bomar, William W. Fellers, Austin M. Fisher, N. Matthew Gottesmann, Denis B. Maduro, John B. St. John, Gustave Simons, and the Editorial Staff of the Bureau of National Affairs. Washington, D. C.: The Bureau of National Affairs, Inc. 1949. Pages v, 363. $5.00.

Private pension systems with prescribed formulas to govern the granting of retirement benefits to aged employees are products of twentieth-century business. Before 1900, the few employers who provided for superannuated workers dealt with each individually and gave him a pension based on his need and an estimate of his contributions to the company. No attempt was made to establish a scientific method of awarding pensions or to calculate in advance the probable cost of pensions. Since 1900, on the other hand, over 13,000 pension systems have been established by private employers,[1] the increase in pension plans being particularly marked during World War II. The adoption of pension systems was stimulated by several factors: the entry of insurance companies into the pension field, the success and general acceptance of the Federal Social Security Law, large war-time corporate earnings coupled with high income and excess profits taxes, war-time wage and salary stabilization rules that tempted employers to utilize pension plans as extra compensation devices, and, probably most important, tax advantages obtainable by both employers and employees through the adoption of pension systems approved by the Treasury Department.

Many employers have found that their businesses benefit by the establishment of retirement systems. The efficiency of an organization ordinarily is increased by sound pension policies. Superannuated workers are eliminated; the morale of remaining employees is strengthened because they worry less about old age and because the vacancies created by retirements permit the promotion of younger men; and the employer's prestige among workers and prospective workers is enhanced, enabling him to attract and retain desirable employees. Further, since older men with high seniority frequently receive greater compensation than their services warrant, payrolls often can be reduced by filling positions vacated by retirements with younger men at lower salaries.

The growth in the number of private pension plans and the ever-widening interest in pension problems has led to the publication of a number of books dealing with pensions and pension planning.[2] The

1. Fortune, Nov. 1949, p. 81; LIPTON, "INSURED PLANS," TRENDS IN RETIREMENT PLANNING (Am. Management Ass'n., Ins. Ser. No. 73) 17.
2. LATIMER AND TUFEL, TRENDS IN INDUSTRIAL PENSIONS (1940); O'NEILL, MODERN PENSION PLANS: PRINCIPLES AND PRACTICES (1947); WINSLOW, PROFIT SHARING AND PENSION PLANS (1946); WYATT, PRIVATE GROUP RETIREMENT PLANS (1936).

most recent of these books and the subject of this review is *Handbook for Pension Planning*. This book discusses the designing, installing and financing of pension systems, methods of "selling" pension systems to employees, the procedure to follow in obtaining approval of plans by the Treasury Department, collective bargaining on pension plans, and the problems encountered in modifying or terminating pension systems. It differs from earlier pension books in that it is a compilation of articles by seven pension experts (attorneys, actuaries, and a labor relations consultant) and the Editorial Staff of the Bureau of National Affairs. The author of each chapter is a specialist on the particular topic there discussed.

Lawyers confronted with the task of advising clients on the legal aspects of pensions will find *Handbook for Pension Planning* invaluable; it explains in simple, straight-forward language the background of pension systems, the accounting and actuarial problems of pension planning, and the economic ramifications and social implifications of pensions, information that lawyers must acquire from some source if they are to master legal problems in the pension field or qualify themselves to render intelligent counsel on pension questions. The usefulness of this volume to lawyers, however, is somewhat impaired by the absence in most chapters of citation to legal authorities sufficient to lead lawyers into the legal materials.

Lawyers will find this book particularly informative on the tax aspects of pension planning. Chapter 3 discusses thoroughly in a simple question-and-answer form the procedure to follow in qualifying a pension system for tax advantages under the Regulations of the Commissioner of Internal Revenue, and Chapter 7 describes how pension benefits are taxed to the employees. Tax questions also are referred to in other chapters; in fact, several tax matters are duplicated in several chapters of the book.

This handbook, however, was not designed exclusively, or even primarily, for lawyers. It will be useful to business executives, union officials, insurance men, trust officers and industrial relations counselors. Pension planning is a technical and complicated process. To be effectual, a pension must be tailor-made for the company planning to adopt it. The combined skills of attorneys, accountants, actuaries, and labor consultants must be utilized. Actually only a few specialists in any one of those professions really are qualified by training and experience to give advice on pension planning.[3]

The most original, and perhaps the most significant, contribution in *Handbook for Pension Planning* is the chapter on collective bargaining. During the last year and a half, collective bargaining has assumed an important role in the pension field. The National Labor Relations Act requires employers to bargain collectively with unions representing their employees on wages, hours of employment, and

3. In 1948 there were less than 700 acutally qualified actuaries in the United States and only a few of them had had extensive experience with the technicalities of pension planning.

"other conditions of employment."[4] In April 1948 the National Labor Relations Board ruled that pension plans are subject to collective bargaining under the provisions of that Act, and the Board's ruling thus far has been sustained by the courts.[5] This means that an employer must bargain on pensions, just as he must on wages, when requested to do so by the union representing his employees, and further, that he cannot change his pension or retirement policies without first consulting the union. Many unions, realizing the potentialities of collective bargaining on pensions, are concentrating on pension systems in their contract negotiations, trying to force adoption of pension programs by concerns without pension systems and to obtain increased retirement benefits where plans exist; and other unions are expected to follow this policy in the future. The chapter on collective bargaining in *Handbook for Pension Planning* was prepared by the Editorial Staff of the Bureau of National Affairs. Those writers placed particular emphasis on the bargaining strategy of employer-representatives and union officials. Their insight into the pension bargaining process is demonstrated by their clear and concise presentation of the respective arguments that employers and unions may be expected to advance during pension negotiations. Collective bargaining on pensions is, of course, a field that is still developing. The number of pension systems thus far adopted through collective bargaining is relatively small. Naturally, practices and procedures on pension bargaining have not assumed a fixed and definite pattern; and new approaches to old age security are constantly being advanced in bargaining negotiations. Appendix F supplements the chapter on collective bargaining by providing selected clauses from collective bargaining contracts dealing with pensions. Standard or typical pension provisions for collective bargaining contracts have not as yet been developed, but the provisions collected in Appendix F should be of considerable help to draftsmen of pension clauses for future contracts.

The appendices of the book contain a number of features most helpful to lawyers about to venture into the intricacies of pension planning. In addition to the provisions from collective bargaining contracts previously mentioned, they include a glossary of pension terms; the text of a typical pension plan; samples of literature designed to explain a company's pension system to employees and to obtain their support for it; and a representative trust agreement for a trustee-funded pension system. A detailed and well-arranged index increases the usefulness of the volume as a reference book by furnishing the user ready access to the topic of interest to him.

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4. National Labor Relations Act, §§ 8(a)(5), 9(a), as amended by labor Management Relations Act of 1947, 29 U.S.C. §§ 158 (a)(5), 159(a) (Supp. 1948).

5. Inland Steel Co. v. National Labor Relations Board, 170 F.2d 247 (7th Cir. 1948), *cert. denied*, 336 U.S. 960, 69 S. Ct. 887, 93 L. Ed. 839 (1949).

COURTS ON TRIAL. By Jerome Frank. Princeton: Princeton University Press. 1949. Pages xii, 441. $5.00.

The basic theme of *Courts on Trial* is that fact-finding in trial courts is an uncertain process—that at best, findings of fact are guesses. Judge Frank observes that no matter how excellent our legal rules may be, if they are applied to incorrect findings of fact, the result will be as undesirable as if improper rules had been used. He points out that many members of the legal profession, whom he describes as " the modern purveyors of legal magic," lead the public to believe legal rights are known and predictable. Some of these lawyers, he says, believe this myth; others think the public must be convinced if proper respect for our tribunals and trust in the judicial process are to be maintained. Frank's position is that an individual's rights can never be known until they have been tested in court, and that even were the rules certain (which, of course, they are not), a right cannot be known in advance because the results of fact determinations cannot be predicted. He feels that the public should be informed of the limitations of our legal system, and that a disclosure of those limitations, far from causing a breakdown of our system, rather would bring a demand for many needed reforms.

So many factors leading to erroneous fact-finding are advanced in *Courts on Trial* that the reader (particularly if he is a layman) is likely to conclude that the facts are practically never correctly determined. Among the factors listed are prejudiced or incompetent juries, mistaken or dishonest witnesses, and biased or corrupt judges. Although the evidence presented by Frank is forceful, actually it is impossible to know what percentage of facts are erroneously found. Probably the facts are correctly determined in a majority of cases.

Frank holds the jury responsible for the greatest number of errors in fact-finding. He skillfully takes to task the whole notion of fact-finding by juries. Correct fact-finding, he says, requires special training, and juries are not trained as fact-finders; further, juries are apt to decide cases in accordance with their concepts of justice and in total disregard of the law as announced by the courts.

Judge Frank believes that the trial judge is a more competent fact-finder, although he recognizes that many judges are subject to bias and prejudice, and many lack training in the fact-finding art. These views seem sound, but the logical weakness of one reason he advances for eliminating juries cannot be overlooked. He states that "if juries are better than judges as fact-finders, then were we sensible, we would allow no cases to be decided by a judge without a jury. But that is not our practice." The converse of this proposition would, of course, be equally true.

Judge Frank, admitting that constitutional problems make abolition of the jury largely an academic question, proposes reforms for the jury system. One of the most frequent complaints against the jury is that the average juror is unable fully to comprehend the instructions of the judge, an objection which Frank would largely eliminate by use of the special verdict. Whether the special verdict would pre-

vent a jury from deciding cases according to their ideas of justice is doubtful, but it is probable that they would be somewhat deterred from the arbitrariness that Frank attributes to the present system. Frank also suggests that certain exclusionary rules of evidence be re-examined and abolished if they are found a hindrance to correct fact-finding.

Judge Frank makes a novel proposal for improving judges. He suggests—"unfrock the judge, have him dress like ordinary men, become in appearance like his fellows, and he may well be more inclined to talk and write more comprehensibly. Plain dress may encourage plain speaking." He believes that the judge's robe and his elevation in the courtroom tend to frighten and intimidate witnesses as well as inexperienced lawyers. Though the reader may disagree with some of Judge Frank's conclusions, his contention that trial court reforms are needed warrants careful consideration.

Courts on Trial questions many of the postulates on which present day legal education is based. The casebook method is said to be an unrealistic approach to law teaching. Law schools are accused of treating an appellate court opinion as a case when it is actually only part of a case. Frank is especially concerned that so little attention is paid to fact-finding. He places a large part of blame for the belief in "legal magic" on the presently accepted method of training law students.

Judge Frank contends that office apprenticeship was more effective than modern teaching techniques. He does not suggest a return to that method, but he does propose that the law school be converted into the functional equivalent of a large law office. He visualizes the law schools' being converted into a legal clinic similar to the one Professor Bradway operates at Duke. Although Frank recognizes that most of his theories on law clinics have been put into practice by Professor Bradway, he does not give any indication whether this method of training has been successful at Duke. He should have examined Bradway's legal clinic and evaluated it. That clinic has been in operation for almost twenty years.

Law schools are criticized for not retaining a higher percentage of teachers who have practiced law. Frank believes practitioner-teachers would assure practical training for students. He does not really come to grip with the fact that many of our greatest teachers have never practiced law while many men with years in a successful law practice have not made good teachers. Justice Holmes was a man with almost no experience as an attorney but he possessed practical ability and was capable of originating many of the "realistic" notions that make up Judge Frank's legal philosophy. *Courts on Trial* leaves the reader with the impression that the great majority of law teachers have had little or no experience in the practice; it is believed, however, that a survey would show that a considerable proportion of them can claim that experience.

Courts on Trial discusses other topics that will be of interest to both lawyers and laymen. Among these subjects are: *stare decisis*, natural law, law as a science, constitutions, legal reasoning, and statutory interpretation.

This book is largely a repetition of earlier writings of Frank. If the reader is familiar with Frank's earlier efforts, he is acquainted with the contents of this volume. Frank's writing seems to follow a publication pattern. A particular idea is likely to be found first in one of his opinions, then in a law review article or an article in a non-legal production, and finally in one of his books. *Courts on Trial* consists, for the most part, of thoughts that have already followed the publication pattern and this publication of those thoughts in many instances marks their fourth appearance in print.

The following general observations can be made about *Courts on Trial*: The shortcomings attributed to our legal system are very real, but many of these failings have been stressed out of proportion to their importance. The reforms proposed by Frank for the most part are not convincing. The greatest contribution of this book, indeed of most of Frank's writings, is that it is thought provoking. That may be the finest compliment that can be paid a book. To the reader who is not familiar with Jerome Frank's other writings, *Courts on Trial* will be interesting and worthwhile reading.

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THE CONSTITUTIONAL WORLD OF MR. JUSTICE FRANKFURTER, Some Representative Opinions. By Samuel J. Konefsky. New York: The MacMillan Company. 1949. Pages xviii, 325. $4.50.

Mr. Konefsky's belief that United States Supreme Court decisions fail to receive adequate coverage in the newspapers and periodicals, combined with his view that Mr. Justice Frankfurter is the most controversial figure on that court, have prompted him to undertake the job of editing the opinions of this Justice. In an effort to bring together his decisions the author, in his present volume, has rendered a distinct service to both those who criticize and those who defend Mr. Justice Frankfurter, and at the same time has rendered an equal service to students of history and political science who fail to have an equal interest in the Justice's personal viewpoint.

The book is organized into six broad chapter headings: (1) "Judicial Power Has Its Limitations," (2) "Government and Economic Interests," (3) "Problems of Federalism," (4) "Freedom and Democracy," (5) "Criminal Justice in America," and (6) "Bureaucracy and Judicial Control." Grouped under each title are some of the history-making decisions of the Supreme Court. Preceding the report of each case, Mr. Konefsky has admirably demonstrated his own ability to give a brief background, both judicially and historically, of the considerations facing the court as it undertook a determination of a controversy. It is in this introductory material that Mr. Konefsky gives the reader a clear presentation of the problems facing the Supreme Court, the balancing of the other members of the court, and the side on which Mr. Justice Frankfurter places himself.

The author has made no effort to arrange the opinions in the chronological order of their appearance; consequently, if the reader is interested in the growth of the Justice's viewpoint towards basic considerations of policy he must observe the dates of the decisions and then himself construct the pattern of this development. This very growth or change is one of the considerations which has led to the reputed controversy surrounding the Justice. Konefsky intimates in his introduction that those who admired him in 1939 now feel that the Justice has failed to live up to their expectations, and as this is one of the justifying reasons for a selection of his decisions, it is regrettable that something of a chronological selection and presentation was not feasible. However, the selection of basic categories as the controlling principle of organization does not diminish the value of the book.

The book leads to the impression that Mr. Justice Frankfurter has been a busy member of the Court, but of course the inability of the reader to compare the output of the other justices renders it impossible to show this point in a short one-volume treatment. One thing can be said definitely: Mr. Justice Frankfurter has given the legal world a good share of special concurring opinions, which is indicative of his idea that the reason behind a decision of the Supreme Court is at least of equal importance with the settlement of the controversy. He demands that his ideas reach posterity, and he has been busy writing them down. Posterity may accord with his view and it may not, but it will not find that the Justice failed in his literary obligations. His sentence structure is careful and his organization is comprehensive, to say nothing of the vocabulary at his disposal. Mr. Konefsky has realized this and was no doubt greatly influenced in his task of selection by a desire to give his readers a good literary treatment of Mr. Justice Frankfurter's ideas regarding the fundamental issues facing his generation.

The work is not burdened down with footnotes, a fact which should prove of interest to lawyers who see so many of them daily. In fact, the severe editing which has gone into the book will make it less useful to the lawyer as it becomes more entertaining. On the other hand, those lawyers who practice before the Supreme Court may find a selection of the decisions of any one of the justices extremely useful in the preparation of their briefs, in view of the trend (which is said to exist) toward drafting their material with a consciousness of the personalities of the justices before them. This volume has a value in this regard, but it is believed by this reviewer that the mere selection of decisions and their compilation into one volume is less capable as a medium for personality development than a work such as John P. Frank's *Mr. Justice Black, The Man and His Opinions.*[1]

Mr. Justice Frankfurter has spoken for dissenters in such cases as *Coleman v. Miller*,[2] involving the jurisdiction of the Supreme Court to hear and decide controversies of legislative activity; for the court

1. Knopf Publishing Co., New Work. 1949.
2. 307 U.S. 433, 460, 59 S. Ct. 972, 83 L. Ed. 1385 (1939).

in *Osborn v. Ozlin*,[3] upholding a sate's right to determine its own internal economic policy; and specially concurring in the court's holding that the Norris-LaGuardia Act did not apply, thereby keeping the government from seeking in a district court an order restraining employees from striking against the "government" in *United States v. United Mine Workers of America*.[4] Many of the justice's opinions evince a deep knowledge of history. In such opinions as *Driscoll v. Edison Light and Power Co.*,[5] and *Federal Power Commission v. Hope Natural Gas Co.*,[6] he demonstrates the value of a knowledge of economic theory combined with a conviction in expressing it.

Many people other than lawyers are deeply interested in the men who sit on their highest court, and these laymen do not have the same access to the reports that members of the legal profession have. For this reason the ordinary citizen will be able to make better use of this collection of Mr. Justice Frankfurter's opinions. This reviewer thinks that Mr. Konefsky has not only been fair in his selection, but that he has been wise. The cases he has chosen are familiar to the mind of many people who are only vaguely acquainted with Constitutional law and history.

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3. 310 U.S. 53, 60 S. Ct. 758, 84 L. Ed. 1074 (1940).
4. 330 U.S. 258, 307, 67 S. Ct. 677, 91 L. Ed. 884 (1947).
5. 307 U.S. 104, 122, 59 S. Ct. 715, 83 L. Ed. 1134 (1939).
6. 320 U.S. 591, 624, 64 S. Ct. 281, 88 L. Ed. 233 (1944).

GEORGIA CORPORATION LAW—PRACTICE: FORMS. By Charles Elihu Nadler.* Introduction by Charles J. Bloch, Macon, Georgia. Atlanta: The Harrison Company. 1950. $15.00.

The author, a professor of law at the Walter F. George School of Law, is well qualified to write on this subject. He enjoys the benefit of many years of practical experience in the fields of bankruptcy and general corporate practice. During the past several years, Mr. Nadler has taught courses in the law of corporations, partnerships and bankruptcy. In addition, he has gained reputation as a writer, being the author of a recently-published work on Bankruptcy.[1]

The book is well written. It is lucid and concise, and the sentences are short, which facilitate easy reading of the text. The book is not pedantic; to the contrary, it is eminently practical and useful. Of particular help to the practicing attorney should be the collection of approximately 300 forms which constitute Part II of the book. Many of these forms were furnished the author by Georgia lawyers who have had widespread experience in the field of corporate law. Additional features are the two appendices to the text. Appendix I, written

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1. THE LAW OF BANKRUPTCY. Chicago: Callaghan and Company. 1948. See, Bloch, Book Review, 1 MERCER L. REV. 143 (1949).

by Professor Edgar H. Wilson of the School of Law, is a comparison of the tax burdens of a partnership and a corporation, with illustrative tables. Appendix II consists of an article by Dr. A. B. Anthony, Professor of Economics of Mercer University, entitled "The Economic Origin and Development of the Modern Corporation."

The text of the book is well documented. There are upwards of 3,000 footnotes, containing citations of cases, code sections, and other relevant matter. Included are frequent references to decisions of various federal courts, and to cases of states other than Georgia, whenever it is necessary or desirable to illustrate the text. Part I of the book is divided into fifteen (15) chapters, each of these being divided into numbered sections. The arrangement of the subjects is natural and logical, and is generally subdivided as follows:

CHAPTER I. The advantages and disadvantages in doing business as an individual, as a partnership, as a limited partner, as a common law joint stock company or association.

CHAPTER II. The history and attributes of a corporation and the liberality of the Georgia incorporation laws.

CHAPTER III. The different types of corporations; de jure and de facto corporations.

CHAPTER IV. The promotion, capitalization, and financing of corporations.

CHAPTER V. Corporate stocks, bonds, debentures and notes.

CHAPTER VI. The transfer and regulation of stock.

CHAPTER VII. The formation of a private corporation for profit.

CHAPTER VIII. Corporate powers and completing formation.

CHAPTER IX. The organization of a corporation.

CHAPTER X. Directors, officers and executive committees.

CHAPTER XI. Legal status of the stockholder as an individual.

CHAPTER XII. Reorganization: Amendments: Reincorporation: Renewal: Revivor: Merger or Consolidation.

CHAPTER XIII. Non-Profit corporations: Charitable trusts.

CHAPTER XIV. Cooperative Corporations.

CHAPTER XV. Dissolution.

The above statement of the contents of the chapters is, of course, inadequate except as a general survey of the scope of the work since there are many cognate subjects treated under each heading which are too numerous to be mentioned specifically.

This treatise is really a monumental work. It will be not only useful but indispensable to all Georgia lawyers, and to lawyers in other states, whose practice brings them into contact with Georgia corporations.

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LAW OF TRUSTS. By Ralph A. Newman. Brooklyn: The Foundation Press, Inc. 1949. Pages 392.

Mr. Newman's purpose is not so much to reveal the law of trusts as to expose in selected problems the intricate maze traced by what he characterizes as inadequate judicial thought. Although he attempts also to present a picture of the whole, his emphasis is not upon exposition so much as upon critique. It is the latter which raises a question.

In pursuit of his purpose, Mr. Newman conducts his reader along a familiar path. The history of trusts is explored, with a view to obtaining first principles; the nature of trusts is seen in passing, and their distinctions from other relations briefly stated in general terms. The relation is analyzed, and the component parts described in the conventional manner. There is a digression into the statute law of New York.

This journey into the field is in the nature of a sight-seeing tour, conducted by a gentleman who is rather casual for the most part, but who, now and then, stops to subject some phenomenon to a careful scrutiny in the light of first principles deduced from history. As exposition, the work is not distinguished. As criticism, it presents a question of method.

"A frequent recurrence to elementary truths in any science is the greatest safeguard against error." Mr. Newman has nailed this dictum to his fly leaf. The question concerns the nature of elementary truth. Can it be known by a process of *a priori* reasoning?

The dangers are shown by Mr. Newman's experience in treating the purchase money resulting trust: A husband purchases land, pays the stipulated price, and has title conveyed to his wife, who expressly understands that she is to hold it for her husband. Later, she claims the beneficial title. *Held*: The wife holds on a purchase money resulting trust for the husband. (*Jackson v. Jackson*, 150 Ga. 544, 104 S.E. 236 (1920); Newman, *Law of Trusts*, 219.)

Mr. Newman concluded that this decision is "clearly wrong"; and he means wrong in result as well as in terminology. He states his reason:

> "The express trust could not be enforced because the understanding was oral. There could be no resulting trust for the very reason that the understanding . . . was the equivalent of an express promise. . . . "

If the faithless grantee has made no oral promise, she holds on resulting trust; but if she understands by parol that she is to hold on trust, she should be allowed to keep the land. That, as the Mad Hatter might say, is logic.

Mr. Newman's theory has in fact been proposed by counsel in argument, but it has been rejected by the courts. Nor does it find support from Dean Ames or Professor Costigan, as Mr. Newman implies. Professor Scott has curtly condemned it. Indeed, it seems impossible that any one, in search of clarity, should have fallen into so poorly concealed a trap.

The fact that Mr. Newman did so is enlightening. And he shows us just how it happened. He was picking his way along a trail, eyes blinded by a conception of logic, relying for his guide upon a thinly spun thread of *a priori* reasoning, far from the beaten path of inductive thought, when suddenly, with a resounding thud, he landed in the bottom of a pitfall.

This incident, even though it were isolated, would serve to answer the question of this method, if, indeed, it had not already been answered long ago.

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CASES AND MATERIALS ON LAW AND ACCOUNTING. By Donald Schapiro and Ralph Wienshienk. Brooklyn: The Foundation Press, Inc. 1949. Pages xxi, 935. $8.00.

This volume is not only in its scope a legal accounting course, but it is also capable of being utilized as a reference book by lawyers. Emphasis is placed not on bookkeeping routines and procedures, but on accounting as a tool in the law kit. It is recognized that the lawyer is likely to be concerned principally with narrow but contentious facets of accounting where premium is on suppleness of thought and accuracy of analysis rather than facility with the work sheet. It was compiled principally with the aim of promoting skills most useful in the practice of law.

Chapter 1 of the book presents the basic minimum necessary to cover the vocabulary and technique of double entry bookkeeping and as such can be used in a class room. This chapter together with Appendix B presents innumerable problems covering various phases of accounting principles for this purpose. This introductory material deals with the results obtained by certain entries rather than the mechanics of the entries themselves. For instance, a lengthy discussion with suitable examples covers the formation and organization of the balance sheet. By showing the effect on a balance sheet of certain transactions, the student visualizes the results obtained by such developments. In this connection, considerable space is devoted to the analysis necessary for a proper interpretation of balance sheet items with a discussion of the various classes of assets and liabilities.

The different accounts necessary in the preparation of a balance sheet for a single proprietorship, partnership or a corporation are shown by very clear examples. The section on changes that are inherent in business enterprise gives the equations which are familiar to accountants but with which many lawyers are not so well acquainted. This section in itself will be a great deal of benefit in the study of the principles of accounting. The meaning of various entries is discussed but it is not intended that the student shall at any time attempt to keep a practice set as is done in the usual accounting course.

The section devoted to income statements covers an exhaustive analysis of accepted theories of income and expense accounts and the relation of such accounts to the proprietorship account is shown by suitable examples.

Illustrative problems and their solutions are given for transactions affecting asset, liability, income and expense accounts. Many of the examples are shown by the use of skeleton (sometimes known to accountants as "T") accounts. The present day accounting problems involving cost and profits are covered at length. One section is devoted to an analysis of financial statements, in itself a subject of tremendous importance to lawyer or layman alike.

Chapter 2 has as its subject "Receipts, Costs and Profits: Justiciable Issues in Contractual Arrangements." This deals with the measurement of receipts, measurement of costs and measurement of income. Such subjects as receipts from automatic devices and telephones, tips, differential costs, inventory pricing, corporate accounting for ordinary stock dividends, accounting for holding companies, parent and subsidiary corporations, and investments in subsidiaries and consolidated statements are covered. In the discussion of many of these phases of accounting, reference is made to court decisions to substantiate the position taken.

Chapter 3 has as its subject "Accounting for the Corporate Enterprise." Considerable space is devoted to financial reporting and investor protection, accounting concepts and the controls over corporate distributions, accounting and legal measurement of net assets. This chapter, like others in the volume, has innumerable references to court decisions.

"Accounting and Public Utility Regulation" is the subject of Chapter 4, which covers some very interesting cases concerning administrative control of public utility charges dealing with the rate base and revenues. A lengthy discussion concerning uniform systems of accounts is contained in this chapter with many references to legal authorities. One of the most important phases of public utility accounting—that of accounting for depreciation—is covered in this chapter at length with discussions of bases of computation, dividends, methods, reserves and the effect of depreciation in rate making.

Chapter 5 covers the general subject of "Trust and Estate Accounting," a subject which in itself can provide the material for a complete volume. Particular attention is given to accounting for principal and income of trusts and estates. Here again we find many references to court decisions, covering various phases of this most important subject. Appendix A contains valuable suggestions incident to the preparation of financial statements filed under the Securities Act of 1933 and the Securities Exchange Act of 1934, and this data is, of course, of tremendous importance to anyone charged with the responsibility of preparing such statements.

The question and problem material is of two types: some requires detailed computations not unlike the incomplete data problems common in advanced accounting courses. Such exercises provide practice in unscrambling the financial facts which authors often present in a

garbled and piecemeal fashion. Emphasis is placed on challenging the student's independent thought without requiring reference to the appended citation. It should be borne in mind that this text does not include the relationship between law and accounting to taxation, because it was felt that the tax field is the subject of special study.

Throughout the volume references are made to outstanding works such as to prominent law reviews and to text books and articles published by well-known authorities on accounting. In conclusion, it is felt that this volume should find a place in the library of any lawyer who expects to handle cases involving accounting procedures or who may be called upon to analyze financial transactions. This, of course, includes practically every member of the bar.

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