

Cases and Materials in the Law of Corporation Finance (Book Review)

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CASES AND MATERIALS IN THE LAW OF CORPORATION FINANCE. By Adolf Berle, Jr. St. Paul: West Publishing Company, 1930, pp. 911.

A corporation is no longer looked upon as an instrument of the devil. Most people realize that the gigantic enterprises of the present day would be hampered intolerably if their operations were not permitted to be conducted by this means. But most of us cling to the older concept of a corporation as a cloak by means of which an individual or a small group may conduct a business through the instrumentality of a fictitious personage and divorce their private property from their business capital.

The more recent development of small investors becoming shareholders in world-wide businesses and thus enabling a group of competent executives to command tremendous resources has given rise to many new and puzzling legal knots which cannot be unraveled by precedent, but must be attacked as new problems from the viewpoint of present-day business conditions.

Professor Berle has clearly pointed out the wide field which must be covered by anyone who aspires to expert knowledge of corporation law in these expansive times. The "Financial History of Nash Motors," with which the author begins the second half of the book, illustrates the steps by which a comparatively small company, controlled by one family, has by various steps become a tremendously bigger enterprise in which the smallest investor may purchase an interest. The conduct of this business has become continually more involved and its legal aspects grow proportionately with the expansion of operations.

The first part of this book dissects the corporate skeleton and each part is discussed in relation to the whole. The student is given a comprehensive view of the financial structure and can see the relationships of the various interested parties.

The second part examines the corporate structure as it operates and this is the point of departure from older books on the subject. The various transactions from promotion to merger are covered in a way which shows how closely the financial and the legal questions are allied, and enables the student, by a study of both, more fully to understand either standing alone.

Professor Berle has given us a law book which smacks of the financial pages and has thereby thrown light on a difficult subject.

Unfortunately, the proper study of such a book, together with the recommended outside research, will perhaps consume too much time for general adoption by our law schools. It is to be regretted that, in most cases, the very economic conditions which gave rise to such a book will preclude its close study by law students. The more leisurely of our schools will most likely adopt it, or its method, in the future, but the majority will probably be forced to continue the present system which gives but a faint understanding of the subject in the short allotted time, leaving all but the bare essentials to the initiative and zeal of the individual. To those who have the required time and flair for figures, this book will give an understanding of corporate operations far more enlightening than the course to which students are at present restricted.

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