

which require protective supervision by the creditor nation. These problems may be termed legal and, so long as the settlement of differences between states, as evidenced in the Permanent Court of International Justice and diplomatic procedure, is based upon legal theories, they should be presented for the attention of the student. It is to be regretted, therefore, that Mr. Stowell did not see fit to include some treatment of such problems as these.

New Haven Conn.

PHOEBE MORRISON.

The Mixed Courts of Egypt. By Jasper Y. Brinton. New Haven, Yale University Press, 1930. pp. xxvii, 416. \$5.

JUDGE Brinton, American member of the Court of Appeals of the Mixed Courts, has described with skill and acumen—the fruit of observation and practical experience—the complicated system of administering justice in Egypt in the forum of the Mixed Courts. The system, designed for the protection of foreigners in their relations with natives and, if of different nationalities, among themselves, is the outgrowth of a long historical development placing foreigners in an extraterritorial position in Turkey and Egypt. Arising out of the capitulatory system, yet not displacing completely the consular courts, the creation of an Egyptian statesman, Nubar Pasha, with the, at first, reluctant consent of foreign powers, the Courts have established for themselves a place of indispensability, recognized equally by Egyptian and foreigner. After 55 years of life, there is a general demand for the extension of their jurisdiction and functions, from which only the occupying power, Great Britain, for political reasons, manifests any dissent. Despite the fact that the bench, consisting of three district courts and one appellate court, is recruited from the nationals of fifteen powers, including Egypt, they are Egyptian courts supported by the Egyptian Treasury. Though the analogy with the Permanent Court of International Justice fails in many important particulars, notably in the fact that the latter has no organized government standing behind it, they have demonstrated the feasibility of a uniform municipal law administered by a variety of judges on the basis of French law and their own precedents. They are a unique institution and owe their position and continued existence to the general conviction of their usefulness to Egypt and to foreigners doing business there. Notwithstanding their political and diplomatic origin, the Courts' judicial independence and impartiality, even during the stress of the European War of 1914, have been among their principal sources of strength and of the confidence they enjoy. The Courts have had to deal with the widest diversity of legal problems—civil, criminal, and administrative. The Court of Appeals at Alexandria has, in addition, wide legislative powers as a result of having to pass upon practically all legislation relating to foreigners.

Judge Brinton has made an exhaustive, yet concise and well organized, study, the first of its kind in English, of the history, functions, and practical operation of the Courts. He has done it with the eye of a historian, statesman, and legal technician. Both the external and the internal history of the Courts interest him. He describes, with some admiration, the simplicity of the Courts' procedure and some of their more important decisions in various branches of the law. Hardly any aspect of the Courts' functions has been left unmentioned by the author. He has undertaken the task manifestly *con amore* and yet critically, and has done it exceptionally well. The appendices collect valuable data on the Mixed Courts, including a selec-

tive bibliography, with descriptive comment, not readily to be found elsewhere. Not the least attractive feature of this informative work is the literary form and clarity of its expression.

New Haven, Conn.

EDWIN M. BORCHARD.

Stock Watering: The Judicial Valuation of Property for Stock—Issue Purposes. By David L. Dodd. New York, Columbia University Press, 1930. pp. vii, 333. \$4.75.

THE author, an instructor in Finance at Columbia University, has made a study of cases involving the liability of stockholders for the difference between the par value of their shares and the value of the consideration paid for them. With no inconsiderable industry, he has studied all of the appellate decisions in New York, New Jersey, Delaware, Missouri, Colorado, California, Illinois and Washington, and has given attention to the principal American cases in other jurisdictions.

The book falls into three main divisions. The first, which should prove helpful to lawyers, is devoted chiefly to a study of the legal basis of liability and a comparison of the general rule that liability is not imposed if over-valuation was in good faith, with the Missouri rule which lays down an objective test of "true value". He concludes that, judging by the results of the cases, the difference is largely verbal, and that liability is more likely to be imposed under New Jersey variations of the "good faith" rule, which calls for the exercise of reasonable judgment, than under the apparently stricter Missouri doctrine. The cases seem to be faithfully presented, and the analysis of the decisions is clearly distinguished from the author's flights into the realm of economic or legal theory. Lawyer readers may criticize the treatment of "actual fraud" and "constructive fraud"; but this is a matter of language, and the author's meaning is clear enough.

The second part of the book is devoted to a consideration of the weight which the courts have assigned to various elements or tests of value. The reader who has encountered the problem of judicial valuation in other fields will find here the same lack of an objective test of value, the same tendency to decide each case on its particular facts, and to state a standard in terms of a vague generalization which lumps together various possible standards and gives "weight" to them. Unlike some of his contemporaries the writer does not attempt to find order and logic where they do not exist, and his comments, although very detailed and elementary, and at time belabored, are for the most part measured and thoughtful. Original cost, replacement cost, cost to the promoter, capitalized earning power, etc. are each separately and adequately dealt with.

The problem which the book primarily deals with has been greatly minimized by the creation of no par value stocks; but the cases discussed are a part of the background against which the problems of no par stock will be presented to the courts for decision, and a large part of the author's study pertains to over-valuation of assets on the balance sheet. Moreover, similar problems of valuation or comparative valuation are now being presented to the courts—for example, in controversial merger proposals—though par value stock is not involved.

Having found a problem, and come to the conclusion that the courts have not solved it, and cannot solve it, the author seeks a solution, and presents his proposals in a long chapter of "Conclusions", in which he includes a summary of English and German legislation on the subject. The principal proposals (to be accomplished by legislation) are: