

BOOK REVIEWS

THE LAWYER'S INVESTMENT MANUAL. By Kenneth Redden and Alexander V. Thelen. Charlottesville, Virginia: The Michie Company. 1952. Pp. 358. \$10.00.

From a financial point of view there are three kinds of lawyers: those who have money, those who have clients with money, and those who wish they had money and clients with money. This book can be of value to all of these lawyers, whether they have use for the information now or are merely preparing for their future hoped for prosperity. It also should prove helpful to bankers, trust officers, and even individuals who manage their own investments.

Redden and Thelen, a law teacher and a trust officer, have collected together in this manual a group of articles briefly covering most aspects of securities and commodities investment. Much of the material was originally prepared by brokerage houses, stock exchanges, and banks, and was distributed to their customers as a promotional service to increase understanding of investments and market operations. The result is that the style is simple, and nothing in the book was written exclusively for lawyers.

Law schools teach little or nothing about investments. What little most lawyers know about them they have picked up haphazardly from their experience as lawyers or as small investors. Redden and Thelen have performed a service in making available in one volume a book which can provide much-needed background knowledge to the average lawyer as well as a reference source to assist in specific problems when they arise. Administration of decedents' estates, drafting of wills and trusts, bankruptcy, income and inheritance taxation, and corporate management are some of the more important areas of the law in which the general practitioner should have a good understanding of investments.

Following an introductory chapter, the *Manual* considers types of security exchanges; the mechanics of making a security transaction, with emphasis on the tax aspects of such trades; the major types of securities; the state blue sky and federal securities acts; and a miscellaneous chapter on making investments intelligible, which discusses balance sheets, corporate income statements, financial periodicals and services, and brokerage accounts and statements. At the end of the book is a long appendix. This includes a forty-six page dictionary of words commonly used in the investment business, a list of stock transfer fees and taxes, a list of long-term dividend-paying companies, a list of investment trusts, and the composition of the Dow-Jones, Standard, and Poor's stock averages. A good index and table of contents increase the reference value of the book.

On the debit side, the *Manual* has some undesirable features, mostly of omission. Some of the articles borrowed from brokerage-house and other trade sources contain a thin varnishing of pious perfection in describing the workings of the professionals in the securities markets. This perfection is not justified by the facts. The sections on taxation and the securities laws are good introductions to these subjects,

but they would be of more value if annotated with citations to the important sections of key statutes and regulations. The discussion of the Securities and Exchange Commission would be much better with more emphasis on agency policies and accomplishments, particularly in the field of enforcement. A valuable addition would be an explanation of the investment portfolio problems of such conservative investors as trust companies and institutions, with examples of typical portfolios.

This book stresses some points that most investors in rural states of the Midwest, including investors with considerable wealth, are ignoring to their possible disadvantage. The securities markets make available every variety of investment so far as risk and income are concerned; and these investments are almost all completely liquid, which means that they may be bought, sold, or pledged on the shortest notice. What is more, a vast communication system exists, protected as to accuracy by a rigorous government program, which enables investors to gauge the degree of risk involved in the securities they are buying. But many investors in the rural states are reluctant to buy securities. If they have a good year and accumulate large cash balances, they buy more land or a larger herd of cattle, or in some sections speculate in oil leases. They forget past agricultural depressions and past years of bad crops, years in which mortgage foreclosures kept the lawyers busy. They ignore, through an urge to gamble or lack of knowledge, the advantages which intelligent resort to the securities markets can bring them, advantages in hedging against bad years and poor crops, freedom from management responsibilities, and liquidity at a fair price.

QUINTIN JOHNSTONE*

JUDICIAL LEGISLATION. By Fred V. Cahill, Jr., New York: The Ronald Press Company, 1952. Pp. 160. \$3.50.

"The life of the law," said Justice Holmes, "is . . . the felt need of the times." This axiom has met with general acceptance and approval by the lawing fraternity since its first utterance some two score years ago. However, little effort and attention have in recent years been directed to the important effect which the fast-moving times have had upon the body of the law. Arithmetically, the span from Francis X. Bushman to Howdy Doody is insignificant; but spatially, economically, sociologically and jurisprudentially, the canyon is of grand proportion, and the concomitant effect upon the machinations of the law is of enduring importance.

Other than the recurrent efforts of the late Underhill Moore and his associates of the Yale school,¹ and the recent magnum opus of Dr. Julius Stone,² few literary efforts have been directed of late by the American Bar toward a keener comprehension of the subtle changes which have been wrought in American jurisprudence by

* Associate Professor of Law, University of Kansas.

¹ Moore, *Law and Learning Theory: A Study in Legal Control* (with Charles C. Callahan) 53 Yale L.J. 1 (1943); Northrup, *Underhill Moore's Legal Science: Its Nature and Significance*, 59 Yale L.J. 196 (1950); Northrup, *Contemporary Jurisprudence*, 61 Yale L.J. 623 (1952).

² STONE, *THE PROVINCE AND FUNCTION OF LAW*, Harvard University Press (1950).