Valuation of Industrial Securities

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would be a great service to the profession, and particularly to students. Neither in this book, nor in his larger works, do we find such an analysis.

Even a cursory examination of the present work will indicate that the title *Principles of Corporation Law*, is a misnomer.

In the preface to the eighth edition, and in *21 Michigan Law Review*, the author stresses the enormous number of decisions in this field, and the resultant confusion, and states that in his opinion the time has arrived for a book on the general law along the lines made famous by Blackstone and Kent. This treatise will cover not merely Corporations, but the whole field of law, with a view to its simplification, and an emphasis upon principles rather than upon precedent. In his view, the references in such a book should be to the decisions of the United States Supreme Court, and also to standard treatises on the subject.

In the present work, the author, of course, is not attempting to write a general treatise, but he is attempting, as stated in his preface, to “condense, simplify and clarify the law for the use of a lawyer, law student and layman.” To accomplish such a purpose, however, it will be necessary to proceed in a radically different manner from that pursued by the author. It is possible to state the principles of corporation law in a small compass, and it would seem particularly within the ability of an author of the erudition of Mr. Cook; but, as in his larger works, the principles are overlaid with citations, and the author is content to say that the courts have held thus and so, rather than attempt to dissect general principles from this multitude of precedent.

One might be inclined to question why references in such a book should be limited to decisions in the United States Supreme Court, since one cannot find in decisions of that court a complete statement of principles of corporation law.

The task which the author thinks is so desirable to undertake, a simplified statement of the principles underlying all law, is the task to which the American Law Institute has set itself. But this work represents the labor of many individuals, and will extend over a long period of time before the work can be given to the profession.

It is unfortunate that an author of Mr. Cook's standing has not succeeded in this work in doing for corporations what he hopes will ultimately be done for all law.

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**Valuation of Industrial Securities.** By **RALPH EASTMAN BADGER.**

New York: Prentice-Hall, Inc. 1925. pp. xii, 188.

Questions of valuation are incident to almost all litigation. Opinion testimony by specialists in a particular commodity or service is relied upon to prove its value, but without intelligent cross-examination of such specialists grievous injustice often is the result. To the attorney who has occasion to participate in finding the value of industrial securities, especially such as have been closely held and not traded in, this volume will be of benefit.

Numerous specific industries are considered and the value determining factors of their securities are tabulated. General theories, hardly principles or laws, of valuation are then set up.

When securities have been traded in, the market quotations, if they are the natural result of legitimate trading, are usually accepted. The author has used
and suggests as a method of valuation of securities which have not been on the market, the comparison of the value denoting factors of such securities with those of securities with a known market value. Such a comparison between industries similarly situated, the securities of one of which have a known price, by analogy, he contends, will show what the securities of the other are worth. This simple, but apparently unreliable plan, seems to have satisfied the author as the easy way out of a difficult problem.

The analysis, in this volume, of the effect of the actual cost of the tangible property behind the security, the depreciation of such property, together with the amount and continuity of earnings and the relation between different classes of securities of the same industry can be read with profit by the student and practicing lawyer.

The author is Associate Professor of Economics in Brown University. He is apparently not an attorney nor student of law, but some seventy-five court decisions are cited and many are discussed in this work. It concludes with a table of these cases.

H. C. Hirschboeck.


"Of making books there is no end"; and it would seem that writers often have no "end" in making books. The work whose title is given above is described on its wrapper as "a short, plain statement of the Essential Nature of Law"—a rather pretentious title when we consider that the "philosophy of law" is comprised in a booklet of eighty-six printed pages—printed in good large type and amply spaced—and the printed pages some three and a quarter by five and a quarter inches, the whole divided into one hundred seven paragraphs with no apparent consecutiveness.

One can hardly help wondering if the author took himself seriously in attempting to compress the whole philosophy of law into such a space; and even though he did attempt the task it is hard to see how he could expect to give even a "short, plain statement of the essential nature of law" without determining what "law" is or without adopting some guiding principles of thought, some system of philosophy to enable him to find that "essential nature." Yet it looks as though no such principle or system was adopted, although on page 3 we are told, "It is believed that the proper field of the philosophy of law is the explanation of the operation of the external factors of political power and public opinion in determining human conduct, and that all other matters frequently included in legal philosophy belong to ethics, etc." Yet the author immediately adds, "The conflict between teleology and mechanism is immaterial"—and immaterial is not intended as a pun—"so also the conflict between singularism and pluralism does not concern us. . . . We are examining such an infinitesimal part of the whole or such a small number of the parts that the view we may take of the whole situation is immaterial."

The fact that so much is "immaterial" to the writer may explain the contradictions which crowd the little volume. Section 6 tells us "Conduct unrestrained by any factor external to the individual is the concern of ethics; conduct restrained by some external factor engages the attention of a legal philosopher": but §7, while saying that the legal philosopher has nothing to do with the internal