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## Book Reviews

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## Book Reviews

AMERICAN AND FOREIGN STOCK EXCHANGE PRACTICE, STOCK AND BOND TRADING, AND THE BUSINESS CORPORATION LAWS OF ALL NATIONS, 1921, by W. J. GREENWOOD, *Financial Books Company*, New York, 1048 pp.

The scope of this 1050-page volume is somewhat staggering. It is but indicated by its complete title and sub-titles as follows:

"American and Foreign Stock Exchange Practice, Stock and Bond Trading, and the Business Corporation Laws of all Nations, together with Local Regulations, Laws, Fees, and Taxes, affecting American firms and corporations carrying on business in any other states of the U. S. A., or establishing branches or agencies in foreign countries."

The real extent of this encyclopedic work becomes apparent only as one turns over its many pages and scans its fine print. It is a book difficult to classify and more difficult to review adequately. No mere writer of book reviews has knowledge, and few have time or inclination to acquire knowledge, sufficient to be able to state fairly whether or not the substance of the book is accurate. Certainly, some parts of it are interesting, notably those dealing with many intimate details of the practices on the stock exchanges of New York, London and Paris. Others would have a limited field of readers; for instance, that portion which refers to the regulations concerning registration of foreign firms in Abyssinia or that which summarizes the income-tax law in Penang or Malacca.

The cosmopolitan atmosphere of the book is its most outstanding feature. The author states that the European edition was written in London and Paris before he moved to New York where he wrote the present American edition, and in the preface he invites correspondence in English, French, German, Spanish or Italian. It is a timely publication now that the United States is a creditor nation and necessarily must expand its foreign trade. Such trade and foreign investments as well are likely to prove disastrous unless one is familiar with the financing methods, trade customs and business laws of the foreign country.

The volume is divided into sections dealing respectively with the United States, Great Britain, France, Belgium, Germany, Switzerland and forty-six other countries. For the six large countries, each section describes the principal features of partnership and corporation laws, and in narrative form the practical working of stock exchanges. In the United States section there is much additional matter. A general statement of corporation law underlying issues of stock and rights of stockholders is followed by a description of various kinds of bonds, and then comes a summary of business corporation laws based on the revised draft of the uniform business corporation law prepared by the national commission on uniform state laws, showing important deviations in individual states.

It is chiefly this portion of the book that seems subject to the criticism that the author has attempted too much to be thorough. There are too many general statements, which obviously cannot be applied specifically in each state, and an almost entire absence of definite reference to state

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statutes and decisions to which a person must turn to find the only law which concerns him, namely, the law of the individual state controlling the individual corporation or partnership in which he is interested. Precision and accuracy have been sacrificed in generalization, and misconception of law might easily result.

For example, the author gives a summarized statement of the philosophy of equity, common law and statute law, with incidental references to the constitution of the United States, but he makes no reference to the various state constitutions. He states on page 57: "Instead of using the technical language of the lawyer, in which they have been written, the various laws have been stated in this book in plain business English, as being more likely to be generally understood." Stating statutory law in plain business English is a hazardous venture because the statement is of no practical value unless it is accurate and susceptible of verification and elaboration by references to the statutes themselves. It is understood, of course, that the book is not written for lawyers but for laymen and that laymen should not attempt to answer questions of law, it being sufficient for them to be able to recognize a possible question of law in the course of business transactions. Nevertheless, the author should not lay down general statements of law which are not applicable generally.

For instance, he says on page 8: "Industrial bonds cannot be issued in unlimited amounts, because the corporation laws of many states limit the total indebtedness of all kinds to an amount not exceeding the total paid in cash or property by stockholders." This statement is too emphatic unless a clear majority of states take that position in regard to the right of issuing bonds as evidence of indebtedness for money borrowed. The positive statement is made that, "the consent of a majority of two-thirds or more of the stockholders is required before any mortgage bonds may be issued." That is not understood to be the law uniformly throughout this country, and, as a matter of English, this statement may be construed to mean either the consent of a majority of the two-thirds or the consent of all of the two-thirds. On pages 25 and 48 the author discusses sinking funds and reserves in a way which is perfectly intelligible to anyone familiar with the subject matter but must be quite unintelligible to a reader who has no clear conception of the difference between a fund and a reserve. On page 113 he gives a summary of decisions by state courts on what constitutes "carrying on business" in which he names the cases but gives no citations. If he is to refer to cases at all he should do so in a way which would enable a reader to find them readily.

On page 295 there are practical examples of foreign-exchange transactions which will be helpful to anyone having to do with that kind of business and there is a wealth of information from page 258 to 352 concerning the New York stock exchange, consolidated exchange and curb market and other exchanges in Boston, Chicago, and eleven other cities. In this section there appears also the uniform stock transfer law. One of the features of interest to American accountants is the British section in which are found the British companies acts, 1908-1913, with a list of differences in terminology between American and British corporation

practices. There also will be found a description of the peculiarly British "founders shares" and a note of warning in regard to the subterfuge of calling them "deferred shares" to conceal their real nature and their danger to outside investors. The British law relating to real estate and bills of exchange and the British special customs in the drawing of cheques will prove of interest. In the section dealing with the United States there will be found a summary of the "blue sky" laws, the federal and New York state income-tax laws, the uniform partnership law adopted in seven states and the uniform limited partnership law adopted in two states. In the British section the income-tax law is given and in the French section are noted the latest changes in the income-tax law of that country.

On the whole this book should prove valuable to anyone connected with or engaged in international trade, as a sort of guidepost pointing to possible differences of laws and customs and to possible pitfalls to be avoided upon commercial invasions of foreign lands.

HAROLD DUDLEY GREELEY.

WHAT IS SOCIALISM? by JAMES EDWARD LE ROSSIGNOL. *Thomas Y. Crowell Company, New York. 267 pp.*

Any author who contributes to a knowledge of the fundamental teachings of socialism does the public a service. There is so much loose talk about the idealistic beauties of the teachings of Karl Marx that many people who think superficially have been led to believe that socialism may be merely an innocuous system of thought. It is time that the public mind were disabused of so erroneous a conception.

In a comparatively brief compass Mr. Le Rossignol takes up the various claims of the Marxian socialist and tears them to tatters. His arguments are clear, concise, convincing. In these days when accountants are becoming more and more frequently financial and economic advisors it is well that they should give serious thought to all that menaces the body politic and industrial. *What Is Socialism?* is an excellent antidote to socialistic propaganda. It is especially adapted to the needs of the parlor bolshevist.

A. P. R.