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Jensen: COOPERATIVE CORPORATE ASSOCIATION LAW-1950

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RECENT BOOKS

This department undertakes to note or review briefly current books on law and matters closely related thereto. Periodicals, court reports, and other publications that appear at frequent intervals are not included. The information given in the notes is derived from inspection of the books, publishers' literature, and the ordinary library sources.

BRIEF REVIEWS

COOPERATIVE CORPORATE ASSOCIATION LAW—1950. By A. Ladru Jensen and others. Washington, D.C.: American Institute of Cooperation. 1950. Pp. xv, 321. \$3.

During the past twenty-five years, the American Institute of Cooperation has provided farmers with information and encouragement in their efforts to organize cooperative marketing and purchasing associations. The recent growth of successful farm cooperatives has created a demand for more accurate material on the peculiar problems of cooperative law and accounting. In this book, the Institute has collected the best articles on the current situation with respect to taxation, anti-trust laws, price policy and capital financing. In the introduction, the late Frank Evans, chairman of the Committee on Legal Education of the Institute, states that these materials "are affirmative and constructive and waste no time or space answering the present-day opposition to the [cooperative] program; yet within the structure of these studies, the answers will be found to such opposition."

It is no secret that the cooperative form of economic association is under attack from vested interests and suspicious individualists. Those conservative members of the legal profession who are inclined to join in the attack will find in the articles by Mr. Jensen, sound reasons for tolerating or even supporting the cooperatives, especially in his well-documented discussion of "Integrating Economic and Legal Thought on Agricultural Cooperatives." This is included in the first section of the book, which deals with general legal problems resulting from the concepts and terminology of cooperatives.

The two articles by Eugene L. Hensel on "Taxation of Cooperatives" have not been previously published and it is a pleasant surprise to discover this precise exposition of the extent to which the federal income tax is now applied to cooperative surplus. For those lawyers who are aware of current trends in tax law the discussion of the *National Carbide Corporation* case¹ and its effect on the agency theory of cooperative organization will be most interesting. With regard to tax exemption, the remarks on the *Pickwick* case² should prove that cooperative lawyers do not want favorable decisions if they make bad law.

¹ *National Carbide Corp. v. Commissioner of Internal Revenue*, 336 U.S. 422, 69 S.Ct. 726 (1949) involving the taxability of profits of wholly-owned subsidiaries of the Air Reduction Corporation, where they were under contract to pay all profits to the parent corporation.

² *United States v. Pickwick Electric Membership Corp.*, (C.C.A. 6th, 1946) 158 F. (2d) 272, granting exemption as a civic league.

The second section of the book includes the excellent papers presented at the Institute meeting last year by Professor Charles Bunn, of the University of Wisconsin Law School, and Lyman S. Hulbert, counsel at the Farm Credit Administration and a pioneer in cooperative law. These articles will do much to explode the myth that farm cooperatives are exempt from the anti-trust laws.

The last section of the book is a reprint of the papers which were read at the Legal and Accounting sessions of the 1949 meeting. The comparison of the Michigan law on cooperatives with the Uniform Agricultural Cooperative Act is the forerunner of a comparative study of all state legislation under the direction of Mr. Jensen who is Professor of Corporation Law at the University of Utah. The bibliography of legal materials which he has prepared for this volume is an invaluable contribution to this new subject of legal research.

This collection includes articles of a very practical value by attorneys who have had wide experience with cooperative associations, such as Donald Kirkpatrick, Howard Dresbach, Edwin F. Steffen, George R. Pfann and Charles Nieman. It does not attempt to cover all the legal problems of cooperative practice; it is rather directed to the issues of the day with the emphasis on the dynamic ideas which are being introduced into the law governing this new type of business organization. A definitive treatise on the subject of cooperative association has yet to be produced but the present volume will do much to create interest and encourage research.

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