payee is fictitious when the person actually selecting him and supplying his name to the maker or drawer knows that he is fictitious.

The justification for the suggested statutory modification raises the further question of why the forgery of a principal's indorsement by an agent authorized to deal with negotiable paper should not pass title to a *bona fide* taker for value. Title does pass in the essentially similar situation when the agent "indorses" the name of the fictitious payee since the paper, being bearer, passes by delivery alone. In fact, the results already reached under the fictitious payee concept and those made possible by the statute suggested make it difficult to understand why a *bona fide* holder for value claiming under any forged indorsement is not permitted to recover on the instrument.

Constitutional Law—Reduction of Public Pensions—[Texas].—The plaintiff, a police officer of Dallas, Texas, had contributed to a voluntary pension fund, and since retirement had been receiving the stipulated monthly payments. A new pension plan materially revised pension payments, including the plaintiff's. The plaintiff sued for reinstatement under the pension law in force at the date of his retirement. *Held*, the plaintiff did not have a vested interest in future monthly payments, under the old statute, but had a mere expectancy that was subject to legislative change. *City of Dallas v. Trammel*, 101 S.W. (2d) 1009 (Tex. 1937).

The instant decision, one of the first to recognize the pension right as a contract right, takes a more realistic approach to the pension problem than has hither to been the case under the traditional treatment of the pension as a gratuity. See *Gaffney v. Young*, 200 Iowa 1030, 205 N.W. 865 (1925); *State v. Board of Trustees*, 121 Wis. 44, 98 N.W. 954 (1904); *Pecoy v. City of Chicago*, 265 Ill. 78, 106 N.E. 435 (1914). Since the employee often accepts a lower wage or as in the instant case makes voluntary contributions and might even refuse more favorable jobs because of the security offered by pensions, it seems reasonable to assume the employee considers the pension right a part of his wage contract. See 12 Encyc. Soc. Sci. 65 (1934). The technical contract requirement of consideration for the state's (or here the city's) promise could be satisfied by the combined elements of long and faithful service, and, in the instant case voluntary contribution. *Cf. Wilson v. Wurlitzer*, 48 Ohio App. 450, 194 N.E. 441 (1934); *Schofield v. Zion's Cooperative Mercantile Institution*, 85 Utah 281, 39 P. (2d) 342 (1934) (in both cases long and faithful service was held consideration sufficient to bind private employers to pension agreements).

Nevertheless, even though the plaintiff is said to have a contractual right to a pension, it may be desirable to allow modification of this right. As the Texas and other courts have recognized, flexibility may be necessary to preserve the pension system in times of economic maladjustment. See *Casserly v. City of Oakland*, 56 P. (2d) 377 (Cal. 1936). This need may be especially pressing if the pension funds being separate have been depleted by economic distress. Moreover, since price levels will fall during such periods, a reasonably reduced pension may not be too harsh on the employee. In making pension adjustments, however, it should be kept in mind that because of the expectancy of the employee, because of the pension's beneficial effect on morale and efficiency, and because pension payments going to low income bracket groups may serve to prime the pump for recovery, pension reductions should come as one of the last items in governmental economies.

There is no express power analogous to that over corporations in the Texas statutes on which the court could have relied in validating the pension adjustment. The court did rely, however, on an implied reserve power which was obviously a child of necessity. However, several more substantial rationales might have been employed. For instance, it is well established that legislatures can change the salaries of public employees. *State v. Board of Trustees*, 121 Wis. 44, 98 N.W. 954 (1904); *Taylor v. Beckham*, 178 U.S. 548 (1899). See also 2 Geo. Wash. L. Rev. 403 (1934). Therefore it might not be unreasonable to assume that the parties understood that the legislature intended that pension payments might also be altered. Such an understanding would make legislative control in implied term in the pension arrangement. Another suggestion, that pensions are deferred wages, would also reach the same result on the basis of the salary change rule. See 12 Encyc. Soc. Sci. 65 (1934). *Cf. Casserly v. City of Oakland*, 56 P. (2d) 237, 238 (Cal. 1936). A third approach would be to invoke the doctrine preventing a state from contracting away powers affecting public health, safety or morals. See *Denver & Rio Grande R.R. v. Denver*, 250 U.S. 241 (1919); *New Orleans Public Ser., Inc. v. New Orleans*, 281 U.S. 682 (1930). See also Merrill, Application of the Obligation of Contract Clause to State Promises, 80 U. of Pa. L. Rev. 639 (1932). This doctrine might well have been extended to invalidate long term contracts which would otherwise prevent a reasonable exercise of the police power. In the instant case, therefore, the court could more cogently have argued that the pension system promotes efficient public service the control of which is squarely within the police power, that frequently the maintenance of a pension system depends on its financial adjustment, and that therefore the state must retain the power to adjust pension payments.

However, whatever the rationale used to justify the change, the acceptance of the contract theory points to judicial review of the reasonableness of the adjustments rather than absolute legislative control in regard to changes in pension arrangements.

Corporate Reorganization—Allowance of Fees—Finality of State Court Decree in Subsequent § 77B Proceedings—[Federal].—In a state foreclosure proceeding a final decree of foreclosure was entered, providing, *inter alia*, that certain fees to the trustee and his counsel for "services rendered and to be rendered" should be allowed as prior liens upon the premises. A year later, the property not yet having been sold under the foreclosure decree, a petition for reorganization under § 77B of the Bankruptcy Act was filed. 48 Stat. 911 (1934); 11 U.S.C.A. 207 (1936). The trustee and his counsel, the appellants in this proceeding, claimed the full amount given them by the state court decree. After the plan had been accepted by the requisite number of creditors (not including the appellants), the district court reduced the appellants' claims. On appeal, *held*, reversed. The district court was not at liberty to consider the reasonableness of the fees fixed by the state court. It had power to reduce only those fees allowed for "services to be rendered." *In re De Luxe Apartment Hotel Bldg.*, 86 F. (2d) 772 (C.C.A. 7th 1936).

Full recognition of allowances made in prior proceedings will necessitate either an increase in the percentage of reorganized properties to be allocated for fees or a disproportionate reduction in fees allowed claimants for services performed in § 77B proceedings. Either result is unfortunate. Section 77B (i) authorizes the judge in reorganization to "make such orders as he may deem equitable . . . . for the payment of such reasonable administrative expenses and allowances in the prior proceeding as