of executive talent and the inducements for retirement. He also analyzes various types of direct compensation, stock options and stock purchase plans, expense allowances, retirement and pension plans and executive investments. Not unlike the authors of the other books, Professor Sanders maintains that there is great popular misconception of the effect of taxation on human activity. He also feels that while some people may retire earlier because of high income taxation, more executives work longer just because of such taxation.

Professor Sanders' book is well written, a luxury denied the reader of the other volumes. Nevertheless, his book affords less intellectual stimulation than the others and may be of less enduring value. Professor Sanders' book purports to be an analysis of what various executives told him were their own motives, a type of statistical investigation which is not always reliable.

Professor Sanders' analysis comes at a time when the old generation which knew relatively low taxes has not yet entirely passed from the scene and when the new generation which has known only higher taxes has not as yet matured. Granted that people will work hard for many objectives other than for the mere accumulation of money to be used for personal power or security, the continuance of high surtax rates does pose vital challenges to future top American management personnel.

LEO A. DIAMOND*


In this day of high tax rates and increasing governmental control over the amount and manner of payment of compensation, this revised edition of Mr. Washington's Corporate Executives' Compensation (1942) is both timely and informative.

The revision, by Mr. Washington, presently Judge of the United States Court of Appeals, District of Columbia Circuit, and Mr. Rothschild, now Vice-Chairman of the Salary Stabilization Board, is a factual and objective study of the legal and business aspects of managerial rewards in the corporate field. The scope of the volume, greatly increased over the original edition, includes salary and profit-sharing contracts, stock bonus and stock purchase plans, stock options, pensions and deferred compensation plans.

Starting with a brief background of the development and philosophy of corporate executive compensation, the authors discuss, in varying degrees of detail, the form of the executive employment contract, the tax consequences of differing types of compensation, and the controls imposed on compensation by the federal government through renegotiation, cost limitations in government

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contracts, securities regulations, and salary stabilization. Also discussed briefly are the effects of judicial intervention on the complaint of minority stockholders. Of major interest to many will be the 136 page appendix of actual employment and compensation agreements.

The volume serves as a useful guidepost to the factors which must be considered in determining the type, amount and manner of paying executive compensation. It does not purport to present a comprehensive and detailed analysis of all the statutes, administrative rulings and judicial determinations. The sections on judicial controls are limited to discussions of general principles to be derived from the cases, and analysis of a few of the familiar decisions such as the Bethlehem Steel\(^1\) and American Tobacco\(^2\) cases. The discussions of salary stabilization and federal securities legislation are, for the most part, brief statements of the basic objectives, the overall limitations and the possible exceptions contained in the law. The authors have provided references to the applicable authorities, so the reader who desires to explore a particular question is directed to the necessary source material.

Primary emphasis falls on the tax aspects of the various compensation agreements. In this difficult, and in many respects still uncharted, territory the authors present a detailed discussion of the key rulings and decisions dealing with the tax effects to the corporation and the executive resulting from particular forms of compensation. Here the discussion is not limited to those situations having received direct attention from the authorities, but the possible application of known rules of taxation to other and as yet untested compensation plans is pointed out.

The book should serve as a useful aid to the corporation, the executive, and to counsel.

E. H. McDermott*


The Twentieth Century Fund's comprehensive study of international and domestic monopoly was completed with the publication of *Monopoly and Free Enterprise*. Focussed directly on the American economy, this final volume of the trilogy is concerned with the relation of business organization to the structure and behavior of markets. The first volume, *Cartels in Action*, describes and analyzes the growth of international cartel arrangements in a broad cross section of world economy; the second, *Cartels or Competition?*, estimates the extent to

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