

auditors be present at the annual meeting to answer questions and further, that the choice of the auditors be ratified by the shareholders.¹¹ How can any "silent partner" vote against this when independents use a proxy statement to have this practice adopted? Or, how can they fail to join in the discussion when the auditors are placed in nomination? This is why independents persist in asking that items such as this be discussed when being voted upon and not lumped into any general discussion period at the end of the meeting. Questions pertaining to auditing, election of directors, and proposals are entitled to reasonable consideration at the time they are brought up, as distinct from the subsequent general question and answer period.¹²

Those corporate managements which adhere to reasonable equity and equality have far more friendly annual meetings than those adopting the restrictive alternatives which lead to newspaper headlines and shareholder irritation which are obviously not in the best interests of either counsel, management or shareholders in the opinion of this reviewer.

In airing these many points the distinguished authors have rendered a distinct service not only to corporate democracy and the making of better corporate citizens, but to all who follow the pattern of the annual meeting and its role in our free world economy.

LEWIS D. GILBERT*

FOUNDATIONS AND GOVERNMENT: STATE AND FEDERAL LAW AND SUPERVISION. By *Marion R. Fremont-Smith*. † New York: Russell Sage Foundation. Pp. 564. \$8.50.

"Though I speak with the tongues of men and of angels, and have not charity, I am become as sounding brass or a tinkling cymbal

"Charity suffereth long, and is kind; charity envieth not; charity vaunteth not itself, is not puffed up,

"Charity never faileth. . . ." ¹

¹¹ This is now done by a new high of 1,027 listed corporations. See SEC, 31ST ANN. REP. 56 (1965).

¹² See *How I'd Run an Annual Meeting, Interview with Lewis D. Gilbert*. Bus. Management, 1965.

* Author and leading advocate of "Shareholder Democracy."

† B.A. Wellesley College; LL.B. Boston University. Member of the Massachusetts bar.

¹ 1 *Corinthians* 13:1-8.

Thus did Paul, with his characteristic ability to contrast the spiritual and the temporal, the abstract and the concrete, state the case for charity. Even prior to the Christian era, the ancients recognized the moral commitment which man must make to the social group if he is to live in society. Children had to be educated, the arts, sciences, and literature patronized, and the gods appeased with offerings and worship. The Romans evolved to a high degree a concept of private philanthropy. The wealthy gave public buildings, parks, baths, theaters and temples. Such benefactions were many times memorialized by commissions from the Roman senate for a statue of the donor, the cost of which the honoree was sometimes asked to defray. Philanthropy extended beyond stone and mortar. Compassion for fellow men motivated patricians to make grants for medical assistance to the poor and the aged, and there was the widespread custom of manumission of slaves who were loyal and loved members of the household. Thus have rational men, in ordering any society, helped the dependent and less fortunate in the group.

Mrs. Fremont-Smith examines the charitable foundation from its earliest historical perspective to the highly organized and sophisticated arrangements of the present day. This is a splendid book. It provides not only the important historical setting of the development of foundations; it also provides a critical analysis of local and federal law applicable to foundations. There is well ordered descriptive material on the law of charitable dispositions, the effect of opting for the trust or corporation as the particular organizational entity, a discussion of the complex provisions of the Internal Revenue Code affecting organizations determined to be tax exempt under section 501 (c) (3), and a discussion of the mechanisms available at the state and federal level for the supervision of foundations. The author also provides an excellent analysis of the operation of Uniform Supervision of Trustees for Charitable Purposes Act in the states of California, Michigan, Illinois and Oregon, where modified versions of the act are in force. Although the act refers to trustees, some of the adopting states have employed its provisions to require registration of all charitable entities, whatever their legal form. Other states having varying statutory treatments of charitable foundations are also considered by the author.

Mrs. Fremont-Smith thoughtfully compares the English attitude in dealing with charitable foundations. The Charities Act of

1960² in England, an outgrowth of the Nathan Committee Report,³ was directed at involving a central governmental agency in increasing the effectiveness of charitable endeavors. Although it is too early to evaluate the impact of the legislation, the experience of both England and Canada should be useful to the federal and state governments of this country as the inevitable trend toward closer supervision and scrutiny continues.

Government, at both the state and national levels, now provides increased welfare assistance in a greater variety of forms than ever before. As a result we are experiencing a new political and social phenomenon in which government and private charity sometimes complement, sometimes duplicate, one another in similar charitable activities. The resources involved in these activities in these times are massive. Moreover, the opportunities for abuse in solicitation, in operation, in acquiring improperly tax benefits and other subventions at the state and national level make demonstrably clear the importance of institutional mechanisms for proper protection of the public and for the effective fulfillment of the charitable purpose.⁴ The need, therefore, for a proper ordering of these important functions in a complex society becomes ever more pressing. Mrs. Fremont-Smith's final chapter: "Prospects and Recommendations" is well worth thoughtful examination and reflection as one considers the problems raised in this most difficult area.

CHARLES O. GALVIN*

MR. JUSTICE MURPHY AND THE BILL OF RIGHTS. Edited by *Harold Norris*.† Dobbs Ferry, New York: Oceana Publications, Inc., 1965. Pp. xxiii, 568.

It is my unhappy duty to report that this is a disappointing book. The difficulty is not that the subject is unsuited for book-length

² Charities Act, 1960, 8 & 9 Eliz. 2, c. 58.

³ COMMITTEE ON LAW AND PRACTICE RELATING TO CHARITABLE TRUSTS, REPORT (1952).

⁴ See *House Select Committee on Small Business, Chairman's (Patman) Report*, 87th Cong., 2d Sess. (1962); TREASURY DEPARTMENT, REPORT ON PRIVATE FOUNDATIONS submitted to Committee on Ways and Means, 89th Cong., 1st Sess. (1965).

* B.S. 1940, Southern Methodist University; M.B.A. 1941, J.D. 1947, Northwestern University; S.J.D. 1961, Harvard University. Dean and Professor of Law, Southern Methodist University.

† A.B. 1939, M.A. 1941, University of Michigan; LL.B. 1948, Columbia University.