

**CORPORATE LAW AND THE THEORY OF THE FIRM:
Restructuring Corporations, Shareholders, Directors, Owners,
and Investors**

Reviewed by

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Wm. Dennis Huber, **CORPORATE LAW AND THE THEORY OF THE FIRM: Reconstructing Corporations, Shareholders, Directors, Owners, and Investors**, London & New York: Routledge, 2020. ISBN 978-0367895532

If reading books on corporation law puts you to sleep, this book is a refreshing change. Dr. Huber's diverse intellectual background (2 doctorates and 5 masters degrees), a CPA and attorney gives him a unique perspective on the issues and underlying assumptions that most lawyers and economists take for granted. He has the courage to challenge a number of assumptions and sacred cows by applying a mix of economic theory, law and philosophy.

Shareholders own corporations, don't they? Not according to Huber. So who owns them? Read his book. There's a separation of ownership and control, right? Not really. Oh, and did I mention that the directors do not represent the shareholders? If shareholders don't own corporations, and if directors aren't agents of the shareholders, what happens to the agency theory of the firm?

Huber's analysis might reasonably lead one to conclude that the literature on the theory of the firm needs to be reexamined.

The book focuses on issues relating to the separation of ownership and control, and to the contradictions between the economic theory of the firm and corporate law. Huber reviews the origin and function of common law and the principles of contract law, and discusses the relationship between contract law and the relationship of shareholders, directors and corporations.

Separate chapters are devoted to the examination of property and property laws; agency and agency laws; trusts and trust law; partnerships and partnership law; corporations, corporate law, and the contradictions of corporate law; sociology, culture and corporations; corporatehood, the corporation as a legal person, and the theory of the firm.

Huber's latest book would make a good supplement to a graduate law or economics class. It challenges assumptions and provokes thought, which is sorely needed in today's university environment.