

1972

Book Reviews

Dean Rusk

Barton T. Jones

Follow this and additional works at: <https://scholarship.law.vanderbilt.edu/vjtl>



Part of the [Air and Space Law Commons](#), and the [International Law Commons](#)

Recommended Citation

Dean Rusk and Barton T. Jones, Book Reviews, 5 *Vanderbilt Law Review* 575 (2021)

Available at: <https://scholarship.law.vanderbilt.edu/vjtl/vol5/iss2/17>

This Book Review is brought to you for free and open access by Scholarship@Vanderbilt Law. It has been accepted for inclusion in Vanderbilt Journal of Transnational Law by an authorized editor of Scholarship@Vanderbilt Law. For more information, please contact mark.j.williams@vanderbilt.edu.

Book Reviews

INDIRECT TAXATION IN DEVELOPING ECONOMIES: THE ROLE AND STRUCTURE OF CUSTOMS DUTIES, EXCISES, AND SALES TAXES. By John F. Due¹ Baltimore: The Johns Hopkins Press, 1970. Pp. viii, 201. \$9.00.

The largest proportion of public revenues in developing countries comes from indirect taxes. This is due in part to the greater political feasibility of instituting such taxes in traditional societies and in part to the greater administrative simplicity in collecting them. A survey and analysis of experiences with a variety of indirect taxes in developing countries has long been overdue. This gap has now been filled by one of the world's leading public finance experts, John F. Due, a frequent advisor to governments and international organizations.

The first chapter of the book provides some general guidelines for evaluating indirect taxes. For example, since many indirect taxes are regressive, in contrast to most income taxes, reliance on them for the larger portion of government revenues perpetuates or even increases concentration in the distribution of income. This could be advantageous for the country if the savings ratio is thereby increased, leading to more investment and growth. However, this happy outcome, even where it exists, would have to be balanced by considerations of the "greater risk of reducing attainment of economies of scale because [indirect taxes] are likely to concentrate on manufactured goods . . . for which scale is important." (p. 12). Indirect taxes also have a much greater influence on resource allocation than direct taxes because they immediately affect relative prices. If policy makers are unaware of this, distortions in the allocation of resources may occur.

After his opening survey of the uses and abuses of indirect taxes, Professor Due devotes the following six chapters to a detailed examination of specific taxes. He begins with an analysis of customs duties, which are easiest to collect and thus constitute one third to one half of total revenues of many developing countries. Every conceivable issue is covered: problems of valuation, classification of products, unintended protection produced by revenue tariffs, and so on. Included is a useful description of administrative procedures in applying tariffs. All problems discussed are interspersed with illustra-

1. Professor of Economics, University of Illinois, Urbana.

tions from the experiences of a number of developing countries, as well as comparative statistical information from both these and more developed countries.

The following chapter focuses on the application of excise taxes to the sales of commodities. These taxes become feasible as a country develops and begins to engage in the domestic production of manufactured goods. As long as the number of such taxes is small, they are easy to administer. However, as the economy grows and diversifies, heavy reliance on excise sales taxes for public revenues becomes increasingly inefficient primarily because of administrative problems. Thus, as the productive structure of an economy becomes more complex, it will become increasingly advantageous for an economy to levy taxes at the manufacturing and wholesale levels. Professor Due demonstrates that such taxes can only be applied to a limited sector of the economy. For example, unprocessed foods are usually exempt from such a tax. Although the basic idea is to tax goods which have undergone a physical change, many definitional problems arise in such activities as mining, lumbering and processing. Also, the tax is difficult to administer in those sectors of the economy which are predominated by small and often illiterate producers who usually do not keep systematic records of their activities.

The next chapter of the book deals with retail taxation. The author finds that its principal advantages lie in the fact that it is a single stage tax which presents no valuation problem (as compared to customs duties) and, because of its uniformity in application, it minimizes distortions in resource allocation. In less developed countries the principal problem of this tax is the overabundance of small and illiterate vendors who cannot be controlled. However, Due claims that exemption of small firms from such taxes has proven to be detrimental to the growth of larger and more efficient firms. Thus, the usefulness of retail taxes to the policy-maker depends on how much its revenue creation capacity outweighs its undesired side effects on the structure of the economy.

The last of the chapters dealing with specific types of indirect taxes is concerned with turnover and value-added taxes. The former has more disadvantages than advantages because it applies to sales at every stage of production and distribution, thereby promoting the vertical integration of firms. Enterprises will have a tendency to produce their own materials and parts rather than engage in sub-contracting, resulting in a loss of the advantages of scale and specialization. Because the tax affects every stage of production, both of finished products and semi-finished materials, it is difficult to control administratively. Finally, the turnover tax produces a "cascading" effect which burdens the final consumer proportionately much more

heavily than the intent of the tax. The value-added tax, according to Due, remedies many of the faults of the turnover tax since it "avoids the adverse economic effects of the turnover tax without concentrating the burden at a single stage." (p. 127). This is convincingly shown by a number of examples. Nevertheless, the administration of value-added taxes is quite complex. For example, record keeping for such a tax is both costly and complicated because information on taxes paid on inputs has to be obtained and cumulated in addition to data on sales. This is a difficult task for small and medium firms in developing countries. Due argues that for such reasons a value-added tax should only be introduced at a more advanced stage of a country's administrative development.

After his exhaustive survey of individual taxes, Professor Due presents two chapters dealing with specific structural problems in the application of indirect taxes. The following issues are discussed: when and how to apply exemptions, the problems of taxing services, the pros and cons of applying differential rates on a specific tax, the methods of tax quotation to the customer, and reconciliation of different taxes in a common market. This treatment of tax administration, especially the section on sources of tax evasion and obstacles to effective monitoring and auditing, shows both knowledge and wisdom.

The major weakness of the book lies with some of Professor Due's generalizations about the functioning of developing economies, which are still in considerable dispute. The author claims that exempting capital goods from duties and certain taxes in order to bring about industrial growth could lead to distortion from the adoption of overly capital-intensive techniques. Yet many economists working in the field of industrialization question the range of available revenue techniques and consequently belittle the influence of relative factor prices on the selection of the "factor mix." Such criticism does not however, detract from Due's basic contribution. The book provides a useful discussion of the nature of the principal types of indirect taxes. It clearly delineates the multi-dimensional criteria which one has to use in order to evaluate each tax, such as ease of administration, coverage, effects of income distribution and effects on efficient allocation of resources. The book should be extremely useful to economists, public administrators and lawyers who plan to specialize in matters relating to public finance in developing countries.

*Werner Baer**

* Professor of Economics, Vanderbilt University. B.A., 1953, Queen's College; M.A., 1955, Ph.D., 1958, Harvard University.

THE INTERNATIONAL LAW OF CIVIL WAR. Edited by Richard A. Falk.¹ Baltimore: Johns Hopkins Press, 1971. Pp. xix, 452. \$15.00

The law of civil war would be a suitable subject for study at any time. It is especially timely now because the Viet Nam war and so-called "wars of liberation" are such prominent topics of current concern. Contemporary issues of this kind frequently distort standards of scholarship, however, and it is a credit to the authors of *The International Law of Civil War* that objectivity is properly maintained. Only rarely, and without serious detraction, does a passage or citation raise the suspicion that a writer has been unduly influenced by the current tumult over Viet Nam.

The major portion of the book consists of six historical-legal studies of civil war situations in the United States, Spain, Algeria, the Congo, Yemen and Viet Nam. Each study was prepared independently by a different author; still other writers prepared the introduction and the concluding chapter.² When material is assembled in this fashion, the results are frequently disappointing, but in this instance, the undertaking proved a solid success. The work is scholarly, informative, and well-written. It demonstrates that useful studies can be presented in manageable length and in a form suitable for practical application. Furthermore, the format facilitates the use of history as an experimental laboratory for human affairs by efficiently providing information from a greater variety of scholars in "case method" style for a more thorough understanding. Each separate part of the book can be read profitably by itself, though the greater value is obtained from the cumulative effect of the various studies and comments. The whole in this case is substantially greater than the sum of its parts.

Although the studies were prepared primarily as research sources for the use of experts in international law, care was taken to include the background material needed by non-experts.³ Persons who are not versed in the technicalities of international law can readily understand the historic events and legal issues involved, although, as in any subject, perception of the wider significance and implications will depend largely on the background of each individual reader. The

1. Milbank Professor of International Law, Woodrow Wilson School of Public and International Affairs, Princeton University.

2. Although several other studies were planned, they were not completed in time for inclusion in the book.

3. The book developed out of the Civil War Project which was sponsored by the American Society of International Law and financially assisted by the Carnegie Corporation.

non-expert will value this book for its comprehensible illustration of facts, ideas and processes. The expert, on the other hand, may obtain a considerable amount of factual data and examples of legal issues through the research of his colleagues.

The authors have made no attempt to write a textbook on the subject of international law. There is, nevertheless, a considerable amount of information dealing with the principles, treaties, and general processes of this important field. The six studies examine the significance of traditional legal classifications of internal unrest, for example, the distinction between insurgency and belligerency. They demonstrate the inadequacies of these and other concepts in the stark circumstances of actual civil wars. Treatment of prisoners of war and non-combatants, adherence to the rules of war, and special characteristics of modern guerilla techniques are all examined in specific contexts. In addition, the interests of outside states and their decisions regarding intervention are contrasted with the principles that are supposed to guide them.

In a sense, history, as it is presented by this book, can be regarded as the law school case method writ large. The successive examination of several examples of interrelated events and legal issues produces not only a knowledge of facts and rules, but also an awareness of the complexities of legal phenomena and the distance between legal theory and practical situations. This awareness induces a realization of inadequacy in dealing with such situations and questions the extent to which present legal formulations can be expected to affect future events. Although the book's profound sense of concern—or, perhaps, urgency—is hardly a new message, the demonstration of these shortcomings as they have affected the events of history is a dramatic statement of the need for more effective means of policy making and conflict resolution.

Certain features of the book impose minor aggravations. The preface and the introductory chapter are not well coordinated, and most of the substantive information might better have been synthesized into a single unit. There is a certain amount of repetition in the discussion of principles of law and the circumstances that affect international relations. However, any mild annoyance at the repetition ultimately gives way to an appreciation of the increased understanding that is afforded by reexamination of important subjects from different perspectives and in different contexts.

By far the greatest deficiency of the book, if it can be called a deficiency, is the short supply of constructive suggestions. For example, the material develops a cogent challenge to the use of military success as the criterion for determining status and rights under international law. Yet no alternative is proposed. There are, of

course, some comments directed toward future modes of conduct, but they leave the reader with the feeling that they should have been given more in-depth analysis. A fond hope that international organizations may become effective in the future, in ways that they have not been in the past, appears to be the primary message. This approach is disappointing when viewed against the studious attention given in the book to the shortcomings of these organizations as they have developed.

The absence of constructive suggestions for improvement should not, however, be regarded as a "cop-out." These studies are intended to be used in future work of the Civil War Project, sponsored by the American Society of International Law. Since the book was prepared to provide sources of information for those who seek new paths, one can truly say that this purpose is well served. Understanding the problem at hand is usually a prerequisite to its solution, and the book is directed toward this preliminary phase. Furthermore, the authors do stimulate ideas for a solution, and this is a valuable function. Hopefully, the next stages of the project will be as thorough and competent as the initial stage reflected by this book.

*John B. Marshall**

* Associate Professor of Law, Vanderbilt University. B.A., 1951, LL.B., 1954, LL.M., 1967, Yale University.

NATIONAL INTERESTS AND THE MULTI-NATIONAL ENTERPRISE. By Jack N. Behrman.¹ Englewood Cliffs, New Jersey: Prentice-Hall, 1970. Pp. 194. \$4.95.

Jack N. Behrman, a professor at the University of North Carolina, has written a book for the academic community in which he describes the growth of the large United States corporations doing business by direct capital investment in Europe. In so doing, he has supplemented his research with his experiences as former Assistant Secretary of Commerce. This book is not for the lawyer who views his obligations to his client as ending when he informs the client of the law and takes appropriate action to secure his legal rights. In fact, the book is somewhat limited in those areas, such as extraterritorial antitrust legislation and export controls, where legal questions are paramount. Nonetheless, Professor Behrman's work should assist the lawyer who believes that his role extends beyond merely informing the client what is legally permissible and who wants to share with the client both his experiences and his knowledge of society. Such a lawyer realizes that governmental regulation often results from lawful actions of business which are viewed as socially harmful by government officials or the public. He will often try to show his client that it is in his interest to act in a manner that will gain the approval and respect of those with whom the client deals. Because this book explores the myriad of social and political attitudes that the client may face when doing business in Europe, it may prove valuable.

The theme of the book is the interplay between European governments and the large United States corporations which do business overseas through direct capital investment. Behrman calls these corporations "multi-national" because he finds that they are not responsible solely to the government of the country in which they do business. The corporations exercise substantial economic power within the host countries' borders, yet it is unclear how much the host governments can govern its use. The attempt to control and to resist control of this corporate economic power is the core of the study.

In the first half of the book, Behrman discusses the ambivalent attitudes of the foreign governments and their citizens. On the one hand, these governments want and need contributions to the total wealth and economic growth which new industries can provide. On the other hand, these countries have been unable to control the new

1. Professor of International Business, University of North Carolina. Served as Assistant Secretary of Commerce for International Affairs, 1961-62; Assistant Secretary of Commerce for Domestic and International Business, 1962-64.

wealth that they have gained. The very existence of this uncontrolled economic power within their borders may create domestic uneasiness. In addition, such power clearly limits the international sovereignty of the European host governments.

Behrman initially examines the several benefits of foreign direct investment. First, this form of investment may assist in capital formation which would not otherwise take place. Not only does direct capital investment increase the gross national product of the host, but also the capital tends to grow at a more rapid rate than the economy as a whole. Second, multi-national enterprises upgrade the technology of the host country and furnish "management skills" that local enterprises heretofore have failed to provide. Only a few giant European corporations can match the research and development activities of the major United States parent corporations. Moreover, since direct capital investment is a new force in the domestic economy, it is more likely to be channelled into those sectors of the economy where the host governments encourage economic growth. For example, many regional and municipal governments offer incentive provisions for foreign corporations to attract plants to their areas in order to encourage a more balanced economy.

Behrman further points out that European governments are aware that direct investment provides contributions to their balance of payments which considerably outweigh the subsequent outflow of dividends from the affiliate to the parent corporation. Besides the immediate influx of capital, direct foreign investment mobilizes domestic capital that may otherwise seek outlets abroad. This domestic capital, usually in debt form, often finds its way to these same affiliates. Finally, Behrman notes that direct investment encourages the substitution of locally produced items for imports and expands the number of products available for export. In fact, the data Behrman sets forth suggests that the affiliates of a multi-national corporation are more export-oriented than their domestic counterparts.

Balanced against these substantial benefits, Behrman finds that the host countries have both real and imagined concerns over the influx of foreign capital. Much of the concern centers on inarticulated feelings that the host countries' sovereignty is being threatened. Somehow, United States products, techniques and capital are viewed as a challenge to their national identity. They see a foreigner in their midst over whom they cannot exercise adequate control.

Behrman points out that United States corporations are large, tend to concentrate in a few industrial sectors, and have some history of aggressive behavior. General Motors' automobile production rivals that of the entire Common Market auto industry; DuPont is five times

larger than Montecatini of Italy. The unequal size of European and American corporations intensifies the European fear of unfair competition. As an example, the author cites a roundtable conference held by French industrialists. The discussion focused upon General Foods' ability to sell its candy at ten per cent below the going price in France, and thus drive out the local competition in three years while incurring an insignificant drop of only one-tenth of one per cent in worldwide profits. The host governments' concern with the potential misuse of such power is so great that they have precluded the multi-national corporation from entering into the so-called "sensitive" areas. Many countries, including the United States, for example, require local ownership of banks.

Moreover, the business methods of the multi-national corporation may be different from those of local companies. Criticism of these methods understandably comes from local entrepreneurs who do not welcome competition. Other criticism comes from those who feel that these methods challenge the national economic plans. For example, the multi-national corporation is limited by United States antitrust laws from entering price agreements and cartel arrangements, even though such devices are often used by the host governments to regulate their economies. Also, many multi-national corporations have shown a "hire and fire" attitude about personnel. Such an attitude, while acceptable in the United States, may be repugnant to traditional modes of corporate behavior in some European countries. There is also the feeling that the advancement potential of a talented local manager is limited because the top positions are reserved for Americans.

The host countries often fear that their economies may become dependent on the United States because the multi-national corporations have control over technological advances. They see a disproportionate share of products and processes originating in the United States. Normally, these innovations are introduced first in the market area of the parent and only later passed on to the affiliates. The growth of the affiliate then becomes dependent on the parental decision on when to spread the technology. For example, statistics cited by Behrman indicate that a large number of American-owned affiliates did no technical research but instead left their entire research activities to the parent corporation. Most of the other affiliates were really only adapting the parent's research to their local markets.

In the first half of his book, the author does not attempt to examine the validity of the host country's feelings; he merely explains them. While these fears may be irrational or unjustified, Behrman points out that they are real and may induce action. The thoughtful attorney, therefore, should consider such feelings when advising his client.

The second section of Professor Behrman's book, which was written for the layman, deals with the control the United States Government exercises over domestic corporations in order to influence the actions of their affiliates. Here the author deals with the foreign investment controls, the export and technology controls, and the extraterritorial enforcement of United States antitrust laws. In these areas of particular concern to lawyers, most of what the author says is valuable only as a starting point for research in a highly technical and rapidly developing field. Yet even here Behrman may be useful in explaining foreign reactions to United States law. Discussion of such reactions is difficult to find in more traditional research sources.

The one area in the second part of the book which could be of particular benefit to lawyers is the case by case discussion of the United States refusal to allow the shipment of goods and technology by United States affiliates under the Trading with the Enemy Act² and the Export Control Act.³ These acts form the basis of regulations which prohibit most transactions between persons, including corporations, under the jurisdiction of the United States and nationals of certain "enemy countries." They also may restrict the export of any article "to further the foreign policy of the United States."⁴ The regulations are enforced administratively by the issuance of licenses.

Since United States Government policy imposes limits upon a foreign affiliate's trade, the potential for conflict between the United States policy and the host countries' policies is apparent. But Behrman points out that tensions from such conflicts may be more apparent than real. First, the multi-national corporations simply do not apply for licenses which they feel would be denied. The host country's government, therefore, may never know that any possible conflict existed. Even if the host country knows of the conflict, it may not be concerned if it has its own domestic corporation which can fill the order, and thereby lose no foreign trade. Moreover, the foreign policy of the United States may parallel that of the host country so that the limitations imposed by the United States in reality serve the host country's own foreign policy.

Tensions develop nevertheless. Behrman gives eleven examples illustrating the United States' success in denying another country access to the products and technology generated by overseas United States affiliates. Five examples follow in which the United States Government's failure in this area was due to resistance by the host

2. Trading With the Enemy Act, 50 APP. U.S.C. §§ 1-44 (1964).

3. Export Control Act, 50 APP. U.S.C. §§ 2021-32 (1964).

4. Export Control Act, 50 APP. U.S.C. § 2022 (1964).

governments. While such examples can be viewed as a sad commentary on the inflexibility of United States officials, they also can help the lawyer advise his client on how to avoid tensions and frustrations with foreign host governments.

The final section of the book discusses various policies that the host governments can pursue in order to counteract the real or imagined pressures on their national interests. Behrman finds that they have three basic alternatives. The first of these is unilateral restrictions. The host governments, of course, have the power to limit or prevent certain activities within their borders. Yet the multi-national corporation may simply choose to avoid situations where it finds the regulations burdensome. Moreover, such policies may be challenged by regional and municipal governments who are more interested in economic growth than in the central government's jealousies. The second alternative is to develop strong domestic competition. The governments could support the key domestic industries thereby reducing the opportunities for the multi-national corporation. They could encourage mergers or indirectly subsidize chosen companies. The limited resources of the local capital markets, however, make policies effective only when applied on a discriminatory basis. Thirdly, Behrman suggests that the United States and the various European governments themselves could harmonize their policies and agree to take actions that would lessen tensions. As an example of such coordination, Behrman points to some success in reducing double corporate taxation.

The basic premise of the third part of the book is that the corporations themselves will not act to reduce tensions. Therefore, the author suggests that the governments must take the lead in this area. Such a view seems to overlook the continuing possibility that corporations can regulate their own behavior in order to avoid tension. It is certainly in the interest of the corporations to have self-regulation rather than imposed regulation, especially when those who impose the regulations may not understand fully all of the business problems. Here, one of the roles of the lawyer is to help his client realize his own interest.

Another problem is that the book, written in 1970 and based on research done in the 1960's, may not reflect the current status of United States direct investments in Europe or of the multi-national European corporation. Behrman admits as much when he begins the book, "Academic instruction often lags behind the development of institutions in the society, and public policy often lags still further. . . ." (p. 1). It is submitted that the position of United States corporations, at least as viewed by the European public, is different now from what it was in the middle 1960's. President Nixon's new

economic policies have influence on opinions beyond the United States and Europeans are now realizing the seriousness of the United States balance of payments problem.

Finally, there is a hopeful note to the book. Behrman repeatedly points out that United States multi-national corporations, after some lapse of time, are decreasingly viewed as foreign and are becoming accepted as domestic corporations because they act like domestic corporations. Since so many of the United States giants have already established themselves in Europe, their "foreignness" should gradually decrease and the problems the author discusses diminish.

*Justin P. Wilson**

* Member of the New York and Tennessee Bars. Associated with the firm of Donovan, Leisure, Newton & Irvine. A.B., 1966, Stanford University; J.D., 1970, Vanderbilt University.

TRANSNATIONAL BUSINESS COLLABORATION AMONG COMMON MARKET COUNTRIES: ITS IMPLICATIONS FOR POLITICAL INTEGRATION. By Werner J. Feld.¹ New York: Praeger, 1970. Pp. xiv, 139. \$12.50.

On January 1, 1958, the Treaty of Rome went into effect, creating the European Economic Community (EEC). Many books and articles have been written since that time dealing with the EEC. While some authorities regard the Community as no more than a customs union of the six member states (Belgium, France, Italy, Luxembourg, the Netherlands and the Federal Republic of Germany), others view it as a crucial step toward the political integration of Europe. The early Sixties was a period of relative stagnation for the EEC, and that experience tended to reinforce the former view. Recent significant developments, however, have created an atmosphere of optimism within the Community. For instance, the Hague summit meeting of December, 1969, marked the end of the Common Market's transitional period. At that landmark international conference, the foundation was laid for eventual economic and monetary unity, a new nine-man Commission was named and consideration was given to the membership applications submitted by the United Kingdom, Ireland, Denmark and Norway.

Professor Feld's book is a comprehensive examination of transnational business collaboration in the Community—an aspect of the EEC generally overlooked by other authorities. In addition, the author demonstrates that the phenomenon of business collaboration between countries is not confined to the EEC, but may be observed also in a variety of arrangements such as the Latin American Free Trade Association, the East African Economic Community and the informal dealings by which firms in different countries collectively pursue a scheme of regional economic integration. Professor Feld describes such collaboration as “a cluster of corporations of diverse nationality joined together by ties of common ownership and responsive to a common management strategy” (p. 6).

The book is divided into four chapters. The first deals with the basic nature, organization and framework of transnational business collaboration among the Common Market countries. The second chapter gives an elaborate account of the economic effects and management problems caused by such collaborative efforts. The third chapter touches upon a more elusive and conjectural aspect of the European Economic Community: the political elements caught between old pressures and new realities. In this chapter, the author demonstrates the extent to which the selfish attitudes of certain

1. Professor of Political Science, Louisiana State University, Baton Rouge.

institutions, especially the civil service and labor unions, adversely affect regional integration. The last chapter discusses future prospects for the EEC and examines the "threat" of American domination.

The book also analyzes such factors as the high degree of coordination and communication between the staffs of collaborating enterprises. Professor Feld discusses not only the difficulties that arise in the problem-solving process, but also the problems created by the differences in languages, traditions and habits of the employees of cooperating organizations. The author advocates a pragmatic approach to collaboration and emphasizes the view that methods of communication must be carefully examined and settled in detail at the outset of the collaboration agreement.

Various case studies treated in the work give a deeper insight into the techniques used in transnational business ventures. These detailed studies include joint enterprises between Man of West Germany and Saviem of France; Farbwerke Höchst of West Germany, one of the world's largest chemical concerns, and Roussel-Uclaf, France's second largest pharmaceutical company; Fiat of Italy, the largest producer of automobiles in Europe, and Citroën of France; AGFA, a West German firm, and Photo-Products Gevarts S.A., a Belgian company.

Transnational business cooperation is highly problematic, as was vividly demonstrated by the recent Fiat-Citroën venture. From the outset, that plan was characterized by government meddling, opposition by trade unions, political partisanship and an excessively complex financial participation arrangement. These problems in the Fiat-Citroën example derived, in part, from economic factors. Fiat is the second largest corporation in Europe in terms of dollar sales volume, and Citroën is seventh by the same measure. Fiat controls truck and tractor manufacturing plants in France, while Citroën possesses a 99 per cent stock control of Berliet, one of the foremost producers of heavy trucks in Europe. In turn, 62 per cent of Citroën is owned by Michelin, the leading French tire manufacturer. Such economic interests became inextricably intertwined and led to serious political confrontations between the governments involved. From the beginning, General De Gaulle opposed any connection between the two corporations because Citroën was such an important French industrial company. Furthermore, domestic political pressure may hamper transnational business collaboration. For example, the author indicates that there has long been a strong case for Britain's admission to the EEC since its marketing subsidiaries in the Common Market compare favorably with those of West Germany, France and the Netherlands, and are substantially more extensive than those of Italy, Belgium and Luxembourg. Nonetheless, internal opposition has continued to plague potential British participation in the Community.

Professor Feld examines the major problems of transnational collaboration in terms of four categories: socio-psychological factors; conceptual differences regarding business methods; divergencies in goals and expectations; and politico-psychological factors. Balanced against these difficulties, the author cites the important objectives that should follow from the conclusion of a general European collaboration agreement as the complete elimination of border customs within the Common Market; the harmonization of fiscal laws and national laws on technical standards for industrial products; the creation of a European patent law and company statute, either through transnational regulation or through promulgation of identical national laws; and, finally, the liberal application of EEC anti-trust laws. It is unreasonable to assume, however, that these objectives will be easily attained due to the fears and attitudes of certain institutions within the Common Market and the complex nature of the Market's organization.

According to the author, there is a low level of support for the European Economic Community system because of the selfish attitudes of many civil servants in the various national ministries. Fears of reduced utility, coupled with possible loss of positions of influence and power, tend to minimize the support of the civil servants for the Community. These bureaucrats tend to prefer the status quo to needed innovation. The author quotes, in this respect, Franz-Joseph Strauss, the West German Minister of Finance:

Sometimes shortsighted ambition of nationalistically oriented bureaucracies as well as lack of decisiveness on the part of responsible politicians leads to an overgrowth of egocentric interests. We observe, not without apprehension, that after dismantlement of the tariff walls new national paper walls are of drawn-out indeterminable regulations. The renationalization of ideas is followed by the renationalization of secret bureaucratic decisions. With the slogan of the sovereignty of the states and the pursuit of their own interests, it is quite easy to manipulate [the bureaucratic schemes] (p.87-88).

In addition, the labor unions generally have not demonstrated support for the European Community. Conflicting interests and attitudes are clearly manifested, possibly due to fear of loss of jobs. From an ideological point of view, the left wing elements have shown little enthusiasm for transnational business ventures, which they regard as instruments of capitalistic monopoly unrestrained by state control.

Professor Feld demonstrates that business collaboration within the EEC has produced a significant degree of economic integration, although the effect on political integration has been only marginal. One reason suggested by the author for this limited political impact is that

as a consequence of the generally adverse political conditions prevailing in the EEC since 1963 for the progress of political unification, many European Community officials have lost much of their formerly strong ideological fervor for European unity and that, because of the reverses suffered, they have confined themselves to the purely technical functions of their jobs (p. 123).

This book is not a classic work on international law or politics; it more closely resembles a well-documented economics report. Based mainly upon interviews with numerous officials and other persons knowledgeable regarding the workings of the EEC, the book is replete with relevant facts and figures. Frequently, complex legal issues are treated lightly. If, however, transnational business collaboration does result in economic integration and harmony in Europe, it may well be said that European industrial leaders made it work. It is because of this potentially crucial role of European businessmen that the book may be of special utility to industries and corporations interested in the EEC.

*Emmanuel Bello**

* Advanced degree candidate, Columbia University School of Law. LL.B., 1966, University of London; Docteur en Droit, 1970, Universite de Paris.