

Under no circumstances must ideological differences make us forget the fact that the United States has fewer points of friction with Russia than with any other great power on this narrow globe. Both nations are self-contained—both, vigorous and ambitious peoples devoted to technological progress. If our relations are not disturbed by our differing ideologies, the three-cornered guardianship will provide the breathing spell which the world needs for finding its equilibrium.⁸

CHARLES FAIRMAN*

A Cartel Policy for the United Nations. Edited by Corwin D. Edwards. New York: Columbia University Press, 1945. Pp. vii, 124. \$1.25.

A more appropriate title for this booklet would be: "Cartels—How bad they are and how to destroy them."

Where the title of the book would lead one to expect an evaluation of cartels, we find instead a collection of articles—otherwise excellent and well written—all based upon one premise: Cartels are evil and must be destroyed if at all possible. The book has a decidedly pessimistic note. Ben W. Lewis cries out almost in desperation: "The cartel problem will be with us always. We shall not see the time when it will be safe for us to loosen our grip and turn our backs" (p. 28). The hopelessness of the task in no way affects his conviction that the noble fight must be continued, for he says: "Even those persons who can find some positive good in moderate cartel programs carefully supervised by public authority cannot afford now to aim for less than the complete elimination of private cartels in international trade" (p. 46). One cannot but admire Lewis' frank statement: "I do not like them in time of war or in time of peace," but "those persons" to whom he refers would not therefore accept his interpretation of their attitude.

It is not usual to find such unanimity of opinion among five authors dealing with different aspects of the same problem. This harmony of thought is easily accounted for. All the authors are convinced that the salvation of the world must be sought in free and effective competition. Starting from that assumption, the argument proceeds with little difficulty. Seen through these glasses, Fritz Machlup with inescapable logic says: "The disadvantages of cartels are self-evidence from the very definition: They reduce competition . . ." (p. 12).

Unfortunately there creeps in a note of inconsistency. For Lewis speaks of "a world that needs more, and more regular, production, better directed" (p. 26). While there is room for disagreement with the first part of this statement that what we need is more and more, the argument defeats itself by calling for a "better directed" production. This is indeed the crux of the whole matter.

Continued reference to Mr. Berge's thesis that cartels are evil because they will destroy "our free economic system," rejuvenates the basic premise throughout the book. The unprejudiced reader, however, cannot but wonder how this typically American point of view will be received abroad where cartels are not looked upon with the same horror. The gospel that all our economic problems will be solved by a benevolent Providence—once we do nothing to solve them—comes with poor authority from a country which has drifted into near chaos as the result of a lack of planning for the difficult reconversion period.

⁸ P. 397.

* Professor and Executive Head, Department of Political Science, Stanford University.

But the authors are not discouraged. They started with the conviction that cartels must be destroyed and this conviction they never abandon. It simplifies their problem. An international policy to deal with cartels now becomes simply a program "against cartels" (p. 98). In the excellent discussion of the policies of other countries in dealing with cartels, Corwin D. Edwards correctly makes a distinction between "commodities produced by many small undertakings" and other commodities produced under different conditions. He admits that government controls may be "justified" in such cases (p. 115). He goes so far as to admit the desirability of "temporary restrictions" and even admits that "there may be advantages in making the scope of such programs international" (p. 115). He does not, however, make it clear why such controls may be justified in the case of "agricultural commodities" but not in the case of other commodities. Neither is it clear why such "governmental control" cannot be delegated to private agencies controlled and supervised by the government without changing these benevolent controls into malicious controls.

Theodore J. Kreps strikes a somewhat less disturbing note when he calls attention to the fact that "cartels are not necessarily safe from outside competition" (p. 71), and that "the fraction of world trade controlled by international cartels remained relatively small" (p. 72). He does introduce, however, a painful note when he says: "Most effective of all would be the lowering of our tariff barriers."

Here we have an unconscious admission of one of the most important reasons for the existence of cartels. We may overlook his rather startling statement that the second World War was fought "against cartelism, fascism, and other forms of economic and political regimentation." This statement is difficult to harmonize with the fact that cartels were encouraged in Great Britain and in other non-Axis countries as Robert P. Terrill points out. It also conflicts with the undoubtedly correct statement of Terrill that "There is, however, one important caveat to be emphasized, namely, that the problem of restrictive agreements and practices in international trade should not be identified or confused with the Nazi revolution and its consequences, even though the Nazis did derive benefits from such cartel arrangements" (p. 62).

The European countries are faced with economic problems which can be solved only through effective controls, governmental or private—the book will confirm their fear for the economic power of the United States.

"We have a very substantial stake in the postwar world, and we are in a position, quite legitimately and without apology either to our neighbors or to posterity, to use our strength and our resources to make the world what we would like it to be." Thus says Lewis on page 45.

Other countries have had notice served upon them again and again of the "determination on the part of the government of the United States to do its utmost both to break down and keep down governmental barriers to world trade" (p. 32), but in view of the high protective tariff of the United States which has become a tradition in this country, such a statement will not be received with enthusiasm. Quite legitimately the question will be raised abroad whether this unhampered world trade means unhampered trade for the United States to the exclusion of other countries.

Abroad there exists a general conviction that where controls are desperately needed during the postwar period in the European countries, the United States "can afford an international competition policy and does not need to seek support from cartels" (p. 155). But how about the devastated countries?

Undoubtedly statesmen abroad will be glad to hear that "we can create better and certainly more reliable instruments of control than these" (p. 37), but they would like to know what they are. Until they have been allowed to learn what these better methods are they will probably continue to use the methods they have thus far employed, although conscious of their inadequacies.

J. ANTON DE HAAS*

International Law Chiefly as Interpreted and Applied by the United States (2d rev. ed.). By Charles Cheney Hyde. Boston: Little, Brown & Co., 1945. Vol. I, pp. lxxvi, 822; Vol. II, pp. xvii, 855; Vol. III, pp. xv, 810. \$45.00.

Hyde's *International Law* has been the standard American work on the subject for a generation. The author's method of comprehensively organizing historical materials, subjecting them to critical examination, and abstracting properly qualified legal statements has been familiar to users of the first edition and is not altered in the present volumes, although the intervention of twenty-three turbulent years has changed the weight of evidence on a number of points.

The new edition follows the first in classification and paragraphing, with some 200 new subordinated paragraphs discussing such subjects as the status of individuals under international law, mandates, international cooperation, recognition, the Monroe Doctrine, Polar Regions, self-determination, waterways, aviation, radio, nationality of women, interpretation of treaties, the right to make war, blockade, neutral obligations, and the international organization of peace.

Concerning the latter the author added a significant section at the end of the volume in September, 1944, after the rest of the book had gone to press. In this he emphasizes the lessons of two world wars, that the waging of war by powerful belligerents "is absolutely incompatible with the welfare of the several members of the international society whatever be their relation to the existing conflict" and "that by no means short of organized intervention will states bent on achieving their ends by the sword be deterred from so doing."¹ The United Nations in its provisions for intervention against aggressors is thus endorsed.

Professor Hyde recognizes in principle that "if flagrant and persistent violation of commonly acknowledged obligations that spring from basic principles are looked upon with indifference and are permitted to become the means of enabling the wrong-doer to acquire and demand respect for the fruits of internationally illegal conduct, the law of nations must lose its grip."² It is surprising that he does not apply this principle to the legal situation during a war of aggression. Hyde considers the Stimson Doctrine, which applies this principle to the aggressor's conquests, "merely a declaration of policy,"³ and he seeks to justify American departures from traditional neutral duties in the destroyer deal of 1940 and the Lend-Lease Act of 1941 on grounds of self-defense⁴ rather than on the ground that a State cannot acquire the benefits of neutral privilege as a fruit of its illegal acts of aggression.

In a foreword to the present edition, Professor Hyde clearly sets forth his theory of international law. International law is the statement of conduct which may be ex-

* Graduate School of Business Administration, Harvard University.

¹ P. 2420.

³ P. 375.

² P. 18.

⁴ P. 2235.