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Review Of "Coexistence And Commerce: Guidelines For Transactions Between East And West" By S. Pisar

Frederic L. Pryor

Swarthmore College, fprior1@swarthmore.edu

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Review

Author(s): Frederic L. Pryor

Review by: Frederic L. Pryor

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P Stone Nation, an amalgam of street gangs, and assurance that change, if it had to come, would not come too fast.

The once aggressive and militant head of the Chicago Urban League who had retired to a business foundation now compared the successes of Daley with the failures of John Lindsay. The only ripple in the stream was the publication of Mike Royko's book, *Boss*. Martin Luther King had come and gone. Nothing much had changed.

People had said that Daley had lost touch—people such as college professors, liberals, some black leaders—but when the votes were counted, this seemed not to have been the case. Only too well did he have his finger on the pulse of the moment, and that was all that was needed. Sethi says that Kodak had lost touch with the community and therefore made tactical errors. He makes the case that Kodak's response to Saul Alinsky and Minister Franklin Delano Roosevelt Florence was, to say the least, inept. In light of what transpired, I have some doubts about that line of reasoning. The alternate possibility is that Kodak tried to behave like Daley, but did not have the divisions (voters). As it turned out, Kodak did ultimately develop the divisions (community support), and it then became a question of the adequacy of the strategy of Alinsky and FIGHT (Freedom, Integration, God, Honor-Today), the Rochester social action group which engaged Kodak in extended hostilities.

The episode began at 10:00 A.M. September 2, 1966, when Minister Florence knocked on the door of Kodak and demanded to see the "top man." It ended for all practical purposes on June 23, 1967 with a telegram from the president of Kodak to Minister Florence saying that Kodak "welcomed dialogue with FIGHT and that it recognized that FIGHT spoke in behalf of the basic needs and aspirations of the Negro poor in the Rochester area." Kodak then proceeded in its own way to deal with the problem.

The community became preoccupied with new plans to combat poverty and unemployment. A Rochester Business Opportunities Corporation was founded. The Urban League moved back into the picture. Kodak announced a \$150,000 gift to the Community Chest's Martin Luther King Memorial Fund. Things went better at the 1968 Kodak annual meeting. And the Labor Department diverted FIGHT

away from Kodak into a joint venture with Xerox with a \$600,000 grant to finance FIGHTON, a people's manufacturing plant. Kodak announced that 10 percent of its hirees were black.

Change did occur in Rochester. So it did in Chicago. But the established structure in both cases was essentially unshaken. FIGHT was essentially a meteor in the sky, exciting but short-lived. In both cities the strategies of the people attempting to confront the establishment could be questioned, especially as to staying power and as to sustained popular support. Elaborate strategies were overwhelmed by the development of an array of programs which diverted energy, caused divisiveness in the community and its organizations, such as the church, and which prevented an effective united front and a modicum of accommodation.

Perhaps the best and most provocative part of Sethi's book concerns the church. He shows the deep schisms in American life caused by the church's involvement in social action and the rawness of those divisions as church members and leaders took sides—some retreating within the four walls of the church, others believing that a living, breathing religion required involvement in the things that affect the lives of their fellow human beings. FIGHT forced many people to confront the deepest meanings of their churches—and their lives. Perhaps this was *the* achievement. Someday we may know.

There is far too little space to give Sethi's book the attention it deserves. The measure of its quality is that one pauses on every page to debate with him. It is an excellent case study which should be included in the urban studies curriculum.

FRANK H. CASSELL

Northwestern University

Coexistence and Commerce: Guidelines for Transactions between East and West. By SAMUEL PISAR. New York: McGraw-Hill, Inc., 1970. Pp. xv+558. \$17.50.

Samuel Pisar, a lawyer specializing in problems of East-West trade, has written the most extensive book that has yet appeared on legal and economic aspects of trade between capitalist and communist nations. Although the book is flawed, it will serve as an indispensable

reference not only for those interested in engaging in such trade but also for anyone wishing to be informed about East-West relations in general.

The book has two sections: the first deals with the economic and political context and the commercial setting of such trade; the second deals with the legal framework and the settlement of disputes. The first section is a general survey and is not only disappointing but also, as I note below, quite incorrect in many places. The second section, on the other hand, is a highly detailed and informative analysis of a subject for which an extended treatment has been long necessary and which constitutes the major contribution of the book.

The discussion in the subsection on the economic and political context of East-West trade contains little that is new to the informed lay reader, not to mention the specialist. Pisar draws on few of the economic monographs written either on communist trade or the workings of the East European economies so that the reader learns little of previous research. Further, certain vital topics, such as the impact of the East European reforms on the foreign trade sectors, are treated with such extreme brevity as to be journalistic. Finally, the reader's confidence is not bolstered by misuses of economic concepts (e.g., on p. 15 he notes that the Czechoslovak economy "lost ground at the level of comparative advantage"), certain highly dubious and unproven propositions (e.g., on p. 89 he claims that, once the technology gap widens, the potential for trade between two nations becomes less), certain misleading statements about East European institutions (e.g., on p. 147 he claims that *obiedinienia* in the USSR are just trading corporations when, in reality, many were formed by amalgamations of production enterprises and do not trade at all), certain ignorance about readily available statistics (e.g., on p. 145 he apologizes for the use of certain data about East European foreign aid data and does not seem to know that much more detailed data have been presented by various Western economists and intergovernmental organizations), and certain incomplete analyses (e.g., on p. 168 he discusses the International Bank for Economic Cooperation in Moscow without a single mention of the ill-fated predecessor to this Comecon banking effort).

The subsection on the commercial setting

of East-West trade is, on the whole, more interesting. Nevertheless, it is written from the viewpoint of a lawyer, and, although it contains several tips for businessmen, it will not be sufficient for the businessman who wants to start to engage in such trade. Although Pisar paints a relatively frightening picture about the East European foreign trade monopolies, he does not sufficiently emphasize that many Western businessmen have received extremely advantageous prices with Eastern trading partners and that considerable commercial advantage can (or at least could during the sixties) be taken of particular inflexibilities in the foreign trade systems of these nations. Since Pisar makes little use of the business literature on East-West trade, his discussion has a certain stale odor.

The second half of the book, which is devoted to legal problems of East-West trade, more than makes up for the failings of the first half. The problems of surveying such legal matters are formidable, especially since many of the cases have not been written up and the relevant legal literature on these matters is scattered in specialist journals in many languages. Pisar's treatment appears sure and comprehensive and covers not only highly detailed trade matters but also a number of broader jurisprudential issues as well.

In his analysis of the legal framework, Pisar discusses the sources of foreign trade law, the status of business instrumentalities, the role of contract, creation and performance of agreements, industrial property rights, copyrights, and special problems involving the transfer of technology. In his analysis of the settlement of disputes he discusses the various types of courts and arbitration tribunals, the way in which these institutions make decisions, the controlling legal system and the choice of laws, and the manner in which arbitration clauses and awards are enforced.

Although judicial and arbitration proceedings are generally conducted along impartial lines in East Europe, there are many pitfalls for the unwary Western businessman. Only certain people are authorized by most East European countries to sign contracts, and only certain types of agreement are enforceable; Pisar gives such matters close study. The author rightly stresses the particular problems involved in specifying contractual clauses with *force majeure* provisions, in submission for

arbitration, and in election of choice of law, and he provides a number of extremely useful suggestions for those engaged in East-West trade. Although discussion is rendered difficult because the law on particular trade matters differs from country to country, Pisar presents a sufficiently broad panorama of cases and provisions in different countries that the most usual difficulties come under observation.

In the concluding chapter Pisar presents a proposed code of fair practices for East-West trade embracing eighty different provisions. He has given policy makers in all nations engaged in East-West trade an extremely useful agenda for work for the next decade.

For those interested in the way in which nations with quite different economic and social systems can interact in a peaceful and relatively fair manner, Pisar's discussion of mutual accommodation between East and West is particularly fascinating. Overriding the particular legal details is a type of commercial rationalism which has been mutually appreciated by policy makers in both East and West. Although the legal systems concerning foreign trade matters in the two blocs have not (and probably will not) converged, sufficient points of contact and uniformity have developed that East-West commerce can take place not only smoothly but also with a certain degree of mutual trust.

FREDERIC L. PRYOR

Swarthmore College

Regression and Econometric Methods. By DAVID S. HUANG. New York: John Wiley & Sons, 1970. Pp. xiii+274.

Recent years have seen a minor explosion in the supply of econometric textbooks. In assessing a new arrival and attempting to judge where it might fit in the market spectrum, it is helpful to have a framework of questions. A possible set of interrelated questions is the following. To what audience is the book addressed? What presumptions does the author make about the readers' level of mathematical and statistical expertise? What is the level of exposition in the book, and what balance does the author strike between explicit mathematical derivation of results and more intuitive discussion of the rationale of the various tech-

niques? What decisions have been made about the topics to be included and the relative treatment accorded to each?

Huang's book is aimed at a very large audience, namely, "students and researchers in economics and in other behavioral disciplines where the use of the concepts and techniques of regression analysis is rapidly becoming commonplace." The readers should have had "one good statistics course" and "have some mathematical maturity (for instance, having completed calculus)." Matrix algebra is also required, although this is not explicitly stated. The eight-page appendix, entitled "Some Concepts and Results of Matrices," serves neither the purpose of providing an adequate introduction for the beginner nor a comprehensive statement of the major results for the initiated.

Chapters 3, 4, and 5, covering simple and multiple linear regression and comprising almost half the text, are very well done, and, in my view, this is the best part of the book. The exposition is a nice blend of formal development and intuitive appreciation, laced with some empirical examples. The remaining chapters on specifically econometric topics are much less satisfactory. The main cause is the excessive brevity of the exposition. To give the more glaring examples, lagged variables receive only two pages, as does heteroscedasticity, while dummy variables get just nine pages, and autocorrelation eleven. This parsimony is all the more surprising when contrasted with the application of a complete chapter to seemingly unrelated regressions.

The net result is a wholly inadequate treatment of some of the most important topics in econometrics. Some major results go unmentioned, and those included are dealt with in much too brief a compass. Parts of the book are little more than section headings which an instructor would have to fill out with relevant material, although not many of the necessary references to this material are given. The brevity is a pity since the author's expository powers are high. There seem to be very few mistakes or blemishes in the text. I was puzzled by the term $E[E(\theta) - \theta]^2$, described as "average squared bias" in (3.33), where θ is an estimator of θ . Since $E(\theta)$ is a constant, the whole term is a constant, equal to the square of the bias. In the discussion of estimators in chapter 3, terms such as "limiting distribution" and "asymptotic variance" are introduced without