BOOK REVIEWS


This book is an account of the modern American corporation that stands at the head of the production lines of the nation, furnishing goods for the trade routes of the world. The author is our foremost authority of this agency of production, distribution, and finance.

Competition, and even free enterprise, as we knew them at the turn of the century, have been drastically modified. Today we have monopoly competition, cartel style. The book does not develop the why or the wherefore, nor does it suggest remedies, cures, or correctives. Rather, it accepts the new era for better or for worse, and analyzes some of the new problems that have been created. The problems discussed are political and touch the relations between the twentieth century corporation and its customers, its employees, its government, and foreign nations.

The first part of the book relates to the nature of the corporate institution, the growth of oligopoly, the displacement of the investment banker by the corporate treasury, the restraint of public opinion on corporate power, and the public nature of the powers which corporate managements hold in trust.

The next segment concerns the growth of the corporation as contractor or sub-contractor for the government and the vast leverage over corporate affairs which that nexus gives the government. This part concerns not particularly the transformation of free enterprise to subsidized enterprise, but the new management problems which follow in the wake of that transformation. An employee of the government is subjected to loyalty checks and procedures. He is closely scrutinized and investigated for “subversive” activities and dubious connections. Once the corporation becomes a government contractor, its employees are subjected to similar investigations. This segment of the book is its most creative, original feature. Mr. Berle makes a searching inquiry and applies an uncommonly suggestive analysis to the problem. His search for a procedure that gives due process of law to the employees of the corporate contractors is the great highlight of the book. This part is Mr. Berle at his best—a brilliant analysis and exegesis.

The next portion of this volume deals with the corporation overseas and the manner in which it has become an instrument of American foreign policy. The industrial plant of America consumes these days more than America supplies; and the deficiency will increase with the years. In early centuries, a nation would conquer or seize what it needed from abroad,
establishing a colonial empire, if necessary. Those days are gone. The
days of cooperation and planning are on us. That may mean operations
within systems of cartels that exist overseas. It may mean delicate political
operations with foreign nations, the corporation becoming the instrument
for vast schemes of a foreign government. Whatever the form of coopera-
tion, the corporation usually ends with its own tiny state department, which
deals with mighty problems of politics and public relations. The book
merely gives examples of this phenomenon. But the sketchy episodes that
it relates are suggestive of the vast programs which American overseas
business involves. Corporate power, like all power, is a heady thing; and
today corporate power touches interests of peace and war, as well as those of
stockholders and bondholders.

The concluding section of the book concerns problems of the con-
sience: the tremendous responsibility that goes with the power to plan
production; the nature of the public responsibility of this corporate power;
the demands of the community and society on the corporation; the need
of corporations for philosophers, as well as for executives and auditors.
The emergence of the corporation as a political institution emphasizes the
need of an ethical and philosophical code to govern the institution. For
power—and power alone—is not enough for survival.

This book, I hope, will suggest the thesis of many volumes yet to
come. It is a first attempt to reorient in political and ethical terms our
thinking on oligopoly. Today we do have dukedoms and principalities,
vaguely suggestive of those which Darius held together in ancient Persia.
Our corporate domains are more than plants and factories. They are
political institutions of vast significance. Mr. Berle, with his usual fine
discernment, has touched on a few of the central problems which this new
phenomenon makes urgently important.

William O. Douglas †

DELIVERY OF THE GOODS AND TRANSFER OF PROPERT-
ITY AND RISK IN THE LAW OF SALE. By Gunnar
Pp. 151. Kr. 16.50.

The distinguished author † presents a comparative study of some of
the thorniest problems in the law of sales. His book, as the number of
pages indicates, is not intended to be encyclopedic. As to countries as well
as topics, the author’s method is selective. England, France, Germany,

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1. The author is Associate Judge of the Court of Appeal in Stockholm and
Judge of the International Court in Tangier. As Chairman of the Trade Terms
Committee of the International Chamber of Commerce, he participated prominently
in the preparation of the latest editions of the Chamber’s well-known manuals “Trade
Terms” and “Incoterms.”
Sweden and the United States\(^2\) are the countries selected for comparison. The commercial importance of these countries, and their position in relation to the civil law-common law dichotomy, combine to justify the selection. In view of the fact that the pertinent codes and statutes of the countries just named are of fairly old vintage,\(^3\) it might have been rewarding to glance at more recent codes or code revisions, such as those of Switzerland, Italy and Greece;\(^4\) but the author can hardly be blamed for his self-limitation which, as he frankly states, was demanded by "prudence and lack of time" (p. 6).

The author's principal aim is to show in what way the five legal systems compared by him seek to determine the precise moment at which the risk of accidental loss of the goods passes from the seller to the buyer. Depending on actual or presumed intention of the parties, all modern legal systems recognize that there are at least some instances in which the transfer of the risk is affected by delivery. Analysis of "delivery" is, therefore, indispensable to any thorough discussion of transfer of risk. The author (wisely, it seems to this reviewer) treats "delivery" as a threshold problem and devotes the first third of the book to a detailed comparative study of what constitutes "delivery." He throws light not only on the almost unlimited variety of possible arrangements concerning identification and transportation of the goods and handling of the documents which may affect "delivery," but also on the peculiar terminological difficulties which beset any attempt to deal with that concept in comparative fashion. The author does not purport to treat conflict of laws problems; but his analytical discussion of the variables determining "delivery" may well prove helpful in the many instances in which the "place of performance" of the seller's obligations must be located for choice of law purposes. This is a real (though perhaps unintended) virtue of the book, which in this respect may fill a painful gap in our leading textbooks on conflict of laws.\(^5\)

\(^2\) The author's discussion of the law of this country is based on the Uniform Sales Act. As he shows in his preface, he realizes that his topic is peculiarly timely in the United States because of the present debate on the Uniform Commercial Code; but in the main body of the book there are relatively few references to the changes brought about, or to be brought about, by the Code.

\(^3\) The most recent ones among the enactments discussed by the author are the Swedish Sales Law of 1905 and our own Uniform Sales Act.

\(^4\) Switzerland and Italy have abrogated the traditional dichotomy between "civil" and "commercial" law. Neither country has a separate commercial code today. The Swiss Law of Obligations (completely revised in 1936) and the Italian Civil Code of 1942 both contain, in one code, the general law of contracts and the special rules applicable to sales contracts. The Greek Civil Code of 1946, on the other hand, did not absorb the older Commercial Code; but it does contain an elaborate treatment of the law of sales. See Zefos, GRECE LAW 86 (1949). Under the Greek system, which in this respect is similar to the older continental systems, the sales provisions of the Civil Code are the exclusive source of law with regard to "civil sales." "Commercial" sales are subjected to the same rules except where the Commercial Code contains a conflicting Lex Specialis.

\(^5\) All of these textbooks state the general rule, to the effect that contracts, including contracts for sale, are in certain respects governed by the law of the place of performance. But the really difficult question, namely what is the place of performance in various types of such contracts, is met by icy silence. The question is not purely one of fact depending on the terms of each individual contract; the contract clauses determining the answer are, very often, common trade terms or other typical provisions, the construction of which presents a question of law.
Having analyzed "delivery" in part I, the author is not yet ready to jump into a full-scale discussion of transfer of risk. There is yet another threshold hurdle to conquer—and this one is spiked with barbed wire: the significance of "property" or "title" in the law of sales, and especially in the rules dealing with transfer of risk. The author, devoting part II to "Property," first states his own philosophy. He endorses the view prevailing in Scandinavia and more recently adopted in this country by the draftsmen of article 2 of the Uniform Commercial Code, by stating that "the contractual rights of the seller and the buyer should no longer be tied up with the passing of property" (p. 63). He further records the opinion that "in view of its basic conception of property it is considered also in business circles that the American law of sales is nowadays hopelessly behind the times" (p. 64).6

There follows a brief statement of the actual rules by which the various legal systems determine the time of passing of title. At this point the road would be clear, at last, for bearing down upon the problem of transfer of risk, and for treating, as part of that main problem, the question whether and to what extent the positive law of the various jurisdictions makes transfer of risk dependent on transfer of title. The author, however, resorts to a different, more ambitious analysis and organization. Having discussed the "property" concept in general terms, he devotes the second half of part II to summary "Analysis of the Legal Relations that Might Be Influenced by the Transfer of Property." This analysis deals with the following problems: 1) the buyer's protection against the seller's creditors, 2) double sale, 3) the unpaid seller's protection against the buyer or his successors (creditors and sub-purchasers), 4) the buyer's right to sue for the goods, 5) the seller's action for the price, and 6) transfer of risk.

The last of these problems receives thorough treatment in part III of the book; but the first five are disposed of by way of an introductory, or rather interstitial, survey of 16 pages. This tour de force of condensation leads the author, for instance, to devote no more than a page and a half to the consequences, in personam and in rem, of an express or implied pactum reservati dominii.7 The reader is not told that courts and legal writers in Germany and other civil law countries have produced shelves full of rather noteworthy learning in connection with this controversial question. The pertinent parts of our own law of conditional sales and chattel mortgages are mentioned only in passing, with a reference to Professor Llewellyn's 1930 casebook as the sole anchor for the reader's further research.

If the author's plan of organization is correctly understood, however, this highly abbreviated treatment of all matters unconnected with transfer of risk is no defect of the book. What the author apparently is trying to do, is to enter into a real discussion of everything that pertains to delivery


7. Whether the consequences are in personam or in rem is not always clearly brought out by the author.
and transfer of risk, and of no other problem. But for the purpose of clarifying, functionally and analytically, the proper setting of the transfer of risk problem, the author felt that he had to mention the five other problems, however briefly. As a result, one chapter of the book is not exhaustive and not easily usable for reference purposes. This, however, will appear sacrilegious only to the provincialist who believes that our American style of legal writing, with its rigid insistence on encyclopedic footnote support for every statement in the text, is the only permissible and fruitful method. The truth, of course, is that in comparative writing it is never practicable—except for a large team of writers—to do a complete job of footnoting, and that monographs of the high order of Judge Lagergren’s book would never see the light of day if the more sweeping and less sweaty style of the Europeans were not adopted.

Even in discussing the nub of his subject, transfer of risk, the author cites authorities selectively and not by the barrel. His selections, on the whole, are to be approved—with one reservation. In dealing with civil law, the author relies almost entirely on code sections, texts and commentaries. Some well-selected case citations would be helpful, even where the textbooks and commentaries correctly reflect decisional developments. Cases do more than to announce abstract rules. They have a way of showing actual practice, of telling us what problems are alive and important—while a code section or textbook discussion rarely transcends the realm of abstraction.

In the same vein, this reviewer would wish for more enlightenment on actual trade practice, and more references to forms and trade terms than the author has given. It may well be, however, that a monograph, as distinguished from a loose-leaf service, is not a proper medium for information of this kind, and that the author, in limiting his work to a comparative analysis of abstract rules of law, was wiser than this reviewer.

To sum up: this is a timely and useful book. It is useful for the practitioner who, in dealing with international sales transactions, wants

8. His analysis is useful. He shows that in some legal systems, even as between buyer and seller, the consequences of passing of title are not limited to transfer of risk. Other questions which pertain exclusively to matters of contract enforcement as between the parties, such as the buyer's right to recover the goods, or the seller's action for the price, are de lege lata often treated in terms of title. The author thus makes us aware of the pervasiveness of the property concept. With respect to the Uniform Sales Act, the same point is emphasized by Honold, Sales and Sales Financing 203-09 (1954). For a different view, which seems to disregard some of the facets of the problem, cf. Lawson, The Passing of Property and Risk in Sale of Goods—A Comparative Study, 65 L.Q. Rev. 352, 360 (1949).

9. Concerning the eminent present-day importance of the standardized mass contract and the legal problems it entails, see Kessler, Contracts of Adhesion—Some Thoughts about Freedom of Contract, 43 Col. L. Rev. 629 (1943); Ehrenzweig, Adhesion Contracts in the Conflict of Laws, 53 Col. L. Rev. 1072, 1088-89 (1953), where further references can be found.

10. The author, who took active part in the preparation of the trade term manuals of the International Chamber of Commerce, see note 1 supra, is of course thoroughly familiar with the meaning which terms such as CIF, FOB, CAF and many others have acquired in various countries; but it may be doubted whether he is justified in assuming the same familiarity on the part of all of his readers.
to inform himself concerning the rules which govern "delivery" and transfer of risk in other countries. As none of the older comparative works on the law of sales were written in English, Judge Lagergren's book responds to a real need of commercial lawyers in this country.

As a by-product, the book will furnish students of comparative law with new illustrations showing how common-law and civil-law systems, although using different concepts and methods, often reach strikingly similar results. Where results do differ, we do not always find all of the civil-law countries in one camp, and all of the common-law jurisdictions in the other. For example, on the crucial question of whether the passing of the risk is affected by transfer of title, the author rightly lines up France, England and the United States on one side of the fence, and Germany and Sweden on the other. The author's references to Roman law healthily underscore the caveat often voiced by comparatists, that present-day civil law systems are not simply modified versions of Roman law.

Finally, Judge Lagergren's book will prove useful in this country in connection with the continuing appraisal and revision of the Uniform Commercial Code. One writer has charged that in the past the draftsmen of the code "have made no international comparative study of the world's various sales laws or projects in order to aid them in drafting the code." During the New York hearings on the code, however, interest in the experience of other countries was shown by practitioners, and it may be expected that those working on the code in the future will seek to derive a lesson from the accomplishments and the mistakes of foreign legislators. The code, moreover, deals with the international as well as the domestic movement of goods. International uniformity thus becomes an issue, and proposals designed to meet this issue will require study.


12. The book also shows how difficult, if not impossible, it is to avoid minor inaccuracies in simultaneously dealing with several legal systems: e.g., the author's unwarrantedly broad statement (p. 88) that in French law ventes commerciales "are unaffected by the substantive rules of the Code civil." For a more accurate statement of the principle which in France, and traditionally in most continental countries, governs the relationship of the Civil Code and the Commercial Code, see note 4 supra. See also Ripert, Traité Élémentaire de droit commercial § 2244 (1951); Escarra, Cours de droit commercial § 1016 (1952).


18. During the thirties, the International Institute for the Unification of Private Law in Rome published the draft of a Uniform Law on the International Sale of
Those upon whom the responsibility for such study and for the resulting decisions may fall, will find their work facilitated by comparative monographs such as Judge Lagergren's.

Rudolf B. Schlesinger


The late Dr. Schiffer's book, although difficult to read and somewhat repetitive, is an impressive work. It is a courageous and relentless examination of the theoretical concepts that have given rise to the League of Nations and more recently to the United Nations. Making no pretense at a "general theory" of international organization, the author attempts to make intelligible the complex ideas underlying the League concept, and to evaluate them in terms of feasibility. His method in this undertaking is almost exclusively analytical. "No attempt," he notes, "has been made to analyze in detail the relationship between the ideas which constitute the object of this study and the political and social conditions out of which they grew" (p. 10). On the basis of this examination, both the League and the United Nations are rejected as impracticable forms of global organization, and the conclusion is reached that at least in theory a world state is more promising.¹

Specifically, Dr. Schiffer sets out to explain in the first and second parts of the book why the idea of an association or community of independent states exemplified in the League system was accepted popularly and by statesmen and scholars as the ideal form of international organization in preference to the alternative idea of a world state; and why it seemed plausible to expect such an association, under the "rule of a universal law," to guarantee "peace and order" in the world community. The second half of the book is devoted to documenting the internal inconsistency of these ideas as they are expressed in the League Covenant. According to the author, the League idea was accepted and seemed to be.

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Movable Goods. A diplomatic conference held at The Hague in 1951 set up a Special Commission to give further consideration to this project. See Rabel, The Hague Conference on the Unification of Sales Law, 1 Am. J. Comp. L. 58 (1952). For comparisons of the Institute's draft (which purports to govern only international sales as defined in the draft) with the pertinent provisions of the Uniform Sales Act and the Code, see Keyes, supra note 15; Honnold, op. cit. supra note 8, at 12, 204, 209.

1. It should be emphasized that the author is not advocating World Federalism. He merely wishes to demonstrate the theoretical advantages of the world state idea.
plausible, largely because the western world, since the close of the Middle Ages, had become accustomed under the tutelage of natural law theorists (Grotius, Puffendorf and Christian Wolff receive major attention) to the idea of a universal law resting on the solidarity and unity of mankind. This was a theoretical substitution for the institutional unity previously imposed by the church. It was characteristic of this construct that while there was a supervening law discoverable by "right reason," there was no institution external to the nation-states with the authority to declare, interpret or enforce it. Thus arose the idea, later so important for the League, that a world legal order was conceivable despite the absence of a supranational authority.

Europe had also come to accept the new system of independent states as inviolable and necessary to the liberty, progress and peace of mankind. Stemming from Puffendorf's theory that the fundamental obligations and rights of the individual were applicable to nation-states, the idea of inviolate independent states was fortified in time by Locke, by Kant's theory of natural interests, and by exponents of positive international law. Inconsistency with natural law was not thought to exist because, though states could not submit involuntarily to positive international law, they were nevertheless subject to universal reason and justice in the same manner as individuals. Finally, nineteenth century progressive thinkers had imbued the intellectual world with the idea that man was not only rational in the ideal sense envisaged by natural law theorists, but also was advancing toward perfection through time, so that he could be expected to behave with increasing reasonableness provided the restraints of arbitrary government were cleared away.

Dr. Schiffer traces these ideas to their convergence at the close of the first world war. Each idea led implicitly or expressly to the rejection of the world state concept on the ground that it was inferior in dignity to the rule of mankind under common standards of reason and justice, or because it was unnecessary in the light of the emerging reasonableness of man, or for the reason that it was undesirable since it might encourage too great a centralization of power. However, when it became clear after the war that man had not reached a stage where reason alone would guarantee peace, and when the need for some institution external to the state became apparent, an association of states was the obvious choice. Only such an organization would conform with beliefs about the inviolability of the states system, preserve the natural law aspects of the world legal order, and fortify the progressives in their distrust of concentrated power. Moreover, it seemed plausible to expect such an organization to guarantee peace because it was also assumed in the natural law—positivist—progressive scheme of thought that nation-states were at least as reasonable as the people who composed them. They could therefore be expected to cooperate in the interest of reason and justice without recourse to war. If the spectacle of political disorder in the world presented an obstacle, this would eventually be overcome. With the emerging reasonableness of man, time would inevitably
cure the disharmonies of international life if states could be provided with an institution which could take action initially on appropriate political questions and ultimately transform these questions into issues for judicial determination.

It is primarily the inconsistency of these ideas as they are formalized in the Covenant which leads Dr. Schiffer to reject the League concept. Again and again he points to the inconsistency between what he terms "the optimistic assumption" and the "pessimistic assumption" implicit in the Covenant. The optimistic assumption was that "reason and good faith" would prevail in the world; the pessimistic that "special machinery" was needed to prevent war (p. 199). The League "could be regarded" he states "as an appropriate organization of the global sphere only if the ideal situation as conceived of by progressive thinkers were already reached. For the League only provided for a machinery through which essentially rational persons could arrive at reasonable agreements concerning their common affairs" (p. 282). Since the institution had to function, and from one point of view was intended to function, in a politically disunited world where there was not the general agreement implied by the reasonable person concept, an "unsolvable conflict" was inevitable: "the League could be expected to work only if the condition did not exist which appeared to make the existence of that organization necessary" (p. 282). The United Nations in its turn fares no better since fundamentally its theory is the same.

In the last chapter the author partially abandons the pursuit of mutually consistent ideas and reveals his own reaction to the realities of the world arena. He concludes that though the League concept seemed plausible in 1918, it was never a practicable alternative for world organization because one horn of the dialectical dilemma was the progressives' illusion that the developing perfection of mankind would gradually eliminate all political problems from the global arena and thus insure peace. On the other hand, the concept of the world state falls into no such difficulty, according to the author, since far from excluding political problems it realistically incorporates them along with legal questions into a single system of order and provides, in the interests of peace, for the necessary adjustment of both to changing circumstances and changing political ideas. While Dr. Schiffer is not concerned with political problems as such nor with the details of how a world state could be established and maintained by peaceful means—and for this reason is surely begging the question—he is disturbed that progressive ideas, because of their tendency to minimize politics in global organization, may inhibit the realization of a world state, which for him is a problem for political action.

The difficulty with Dr. Schiffer's book is that while it clearly demonstrates the complex origins of the idea of a legal community of states and makes logically intelligible the reasons for its selection in preference to the concept of a world state, the book does not make this choice seem plausible in the sense of believable in the real world. It seems highly incredible that progressive thinkers really believed that the mere organization of states
into a certain pattern would insure peace because of the harmony of interests of mankind. To make it creditable would have required an objective probing of appropriate social and political factors, the very things Dr. Schiffer has purposely excluded. It is perhaps unfair to stress the point since it implies a different book from the one Dr. Schiffer intended. Yet the cobbler does not stick to his last. In the end Dr. Schiffer leaves abstraction and discusses the merits of the world state in terms of observable questions of fact about the relation of government to law and politics. The result is somewhat confusing because though some of the conclusions in this part would certainly merit agreement,\textsuperscript{2} they do not really follow from the main argument of the book, and, in so far as political realities are necessarily briefly treated, the net impression is one of superficiality. Other conclusions, on the other hand, over-stress what must have been obvious to begin with: that politics and political questions are an essential part of the fabric of global organization.

Turning to the principal thesis of the book, it is the reviewer's conviction that in actual application the internal inconsistencies of the Covenant are not the obstacles they seem. The fact that the League concept enveloped both the pessimistic and optimistic assumptions need not have been to its detriment and may well have worked to its advantage—if as Holmes said the life of law is not logic but experience. “Constitutional” documents, as every common-law lawyer knows, have a way of running it both ways and in fact must do so to remain viable. In the ebb and flow of political interaction there is a time for gathering stones together and a time for casting them away. The exigencies of the moment will determine which: there is a time when states raise political questions in the international forum in the spirit of reasonable debate (though perhaps not with the degree of reason and justice that progressives demand), and a time when states are more concerned with mending the bulwarks of their sovereign independence. The point is that both eventualities must be provided for in any conceptual framework that expects to remain close to the realities of the political world.

Furthermore, the “unsolvable conflict” is not a hopeless obstacle if one abandons the analytical method. In the functional point of view of contemporary social science and of legal realism the problem presents itself differently. The question is not whether theoretical inconsistencies obstruct the operation of an institution, but whether its operation in fact actually facilitates the achievement of the goals for which it was set up, and if it does not, then what is its ultimate effect on existing conditions and what are the minimal modifications necessary to make the institution more effective in terms of its principal interests. A necessary part of such an analysis would of course include investigation of the functional role actually played by the norms and concepts with which Dr. Schiffer is most concerned. More specifically it would require a searching inquiry, on a small or model scale,

\textsuperscript{2} For instance, the rejection of the progressive position that peace can be maintained without fundamental change of existing conditions, without sacrifice of reasonable interests. Pp. 294-95, 301.
into the whole problem of the relation of law to the community. One would want to know much more, for instance, about the conditions necessary for the individual to “internalize,” psychologically speaking, a rule of law (or the decision of a political institution). One would want to know more about the point at which such a rule becomes accepted in a given social structure with the expectation that it will be obeyed. It is clear that the rejection or acceptance of new rules of law may be advanced or retarded by the character and pattern of norms already existing in a society. Likewise an institution like the League or the United Nations which is not wholly successful in establishing a new normative system, may nevertheless facilitate the ultimate acceptance of that system, or it may retard it. In either case—or even in the event it has no effect at all—the influence and effect of such an institution is open to scientific inspection quite apart from the inconsistencies or contradictions in the ideas which have shaped it.

It cannot be said with finality that the League or now the United Nations could “work [i.e. preserve the peace(?)] only if the conditions did not exist which appeared to make the existence of that organization necessary” (p. 282). In the light of long-range social analysis, currently in the domain of the behavioral sciences, the “conflict,” though raising problems of staggering complexity, ceases to be meaningful of itself. It is no longer necessary to conclude that there is no “solution”—except a world state. And, it must be added, without the kind of analysis suggested the world state may also prove a disappointment. Realistically, of course, it is not to be expected that the forces at work in the world arena can be shaped according to the dictates of intellectual endeavor in any foreseeable future. But it is important to stress that a beginning can be made in approaching world organization as a problem for social analysis and that either/or propositions are of limited usefulness in rendering meaningful the complex interplay of beliefs, legal norms, and political behavior.

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