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BOOK REVIEWS

THE FRIGHTENING ANGELS: A STUDY OF U.S. MULTINATIONALS IN DEVELOPING NATIONS. By Anant R. Negandhi and S. Benjamin Prasas. Kent, Ohio: The Kent University Press (1975). Pp. 249. \$20.00.

Anant R. Negandhi and S. Benjamin Prasas have authored a volume studying 47 United States multinational corporations and 45 "comparable" local firms in five developing countries. Three of the developing nations are in South America: Argentina, Brazil and Uruguay. The other two are in the Far East: India and the Philippines.

In each country, subsidiaries of United States corporations and local firms are analyzed and compared. The study emphasizes the Indian firms to a greater degree than those of other nations. Little effort is made to compare local firms in one country with those of another. No attempt is made to evaluate the foreign activities of Canadian, Japanese or European corporations.

The subsidiaries and local companies are rated according to their management philosophies: Most Sophisticated (MS), Somewhat Progressive (SP) and Not Progressive (NP). Both the United States multinational corporations and local firms are then studied with regard to long range planning, personnel training, promotion and compensation, decision making, employee morale and management effectiveness.

The book contains some interesting observations. For example, one often reads that Americans are ignorant of social, cultural and political conditions of the countries in which they do business. The authors find, to the contrary, that a large majority of American subsidiary executives are quite familiar with the conditions in their host countries.

The authors also note that the ability of American subsidiaries to attract trained personnel is enhanced by their general image "as good paymasters and as fair and honest employers." Moreover, executives of American subsidiaries display "a great deal of trust and confidence in their subordinates."

However, the overriding impression created by the book is that it is poorly organized and written. The Preface lists three "main purposes" of the study. The first chapter initially states that the primary purpose of the study is to attempt to answer vital questions concerning multinationals in developing countries. Seven vital questions follow. Toward the end of the first chap-

ter, the authors inform the reader that there are a number of purposes for their study. Six purposes are enumerated. In the second paragraph of the ninth chapter, the authors advise that their purpose in conducting this study was twofold.

The inability of the authors to precisely enumerate and articulate the purposes for writing this volume is distressing. As a consequence their work suffers sadly from a lack of cohesion and continuity. Their failure to determine whether their purposes number two, three, six or seven is symptomatic of the disjointedness of the entire endeavor.

Table 11-1 is captioned "Profiles of Management Practices and Effectiveness of the U.S. Subsidiary and the Local Firm." The table is published in the middle of the text of a subheading in Chapter 11 entitled "Lack of Inter-Firm Mobility." The table is not mentioned in the text of the noted subheading. It is cited, however, three subheadings earlier and two subheadings later. Moreover, the table contains no fewer than 66 items. Rather than being an aid to understanding or the end product of some careful analysis, the listing appears to be more of a dumping ground both for every topic mentioned in the text and a few not mentioned anywhere. One cannot help but wonder whether the book was written for the purpose of satisfying some academic "publish or perish" requirement or to comply with a condition of one of the research grants which sponsored the investigative footwork. Some of the stated purposes and questions of the study do not appear in the text.

Unfortunately, the quality of the writing needs improvement. The sentence structure of *The Frightening Angels* is frequently so ambiguous that it distracts the reader. The opening sentence of the first chapter puts the reader on notice:

In spite of intense public debate concerning U.S. multinational corporations, there is not much that is known about their activities, particularly as to how they manage their operations overseas, how they compare with the European and Japanese multinationals as well as their local counterparts in foreign lands.

Later in the first chapter a heading, "Conflicting Findings," is followed by five subheadings. Under the second subheading, "Pro-Management Viewpoint," the authors state:

Generally, two opposing theses are being advanced concerning the impact of U.S. multinationals on the balance of payments and domestic employment. The first one, being identified as pro-management, is . . .

The reader will search in vain for the second opposing thesis, a thesis which appears neither in the remaining text of this subheading nor in the text of the third subheading, "Domestic Employment." The opposing thesis, although unidentified, can perhaps be found under the fourth subheading, "The Labor Viewpoint." Clarity could have been promoted by specifically denominating the second thesis and placing it after the subheading covering the first proposition. "Domestic Employment" could either have been placed after the two theses or discussed in both.

The Kent State University Press bears the ultimate responsibility for permitting this work to be published without additional editing. The book is a revision of a 1971 text, *Comparative Management*. Revision of an earlier text should have provided a splendid opportunity to improve organization and polish writing style. Both the authors and the editors deserve failing grades for producing this overpriced volume.

Negandhi and Prasas, affiliated respectively with Kent State University and Ohio University, did not define for their readers many basic terms including "multinational corporation." Attention to such preliminary matters would have promoted clarity.

The book contains frequent references to executives and managers of American subsidiaries, but the reader is left to speculate whether the executive and management personnel are American nationals, foreign nationals, or some combination of the two. Until the last few pages of the text, the authors make no mention of the nationality of these executives and managers, perhaps because of a belief that cultural considerations are less important in business success than are other factors such as management philosophy.

The authors avoid using economic success as a measure of the effectiveness of United States subsidiaries and local companies. Yet, profits and sales are in fact the standard measures of corporate success in our free enterprise system. Negandhi and Prasas chose to disregard these as "erroneous" measures of "management effectiveness, especially in underdeveloped countries where seller's market conditions are widely prevalent." The authors turn instead to other considerations such as employee morale, employee turnover, absenteeism and management success in attracting manpower.

Certainly one chart and a few paragraphs illustrating the comparative profits and sales of American versus foreign enterprises might have been enlightening. If not, the data would at least have served to satisfy the aroused curiosity of the reader. Although the

title of the book was probably intended to arouse curiosity, which in fact it does, one cannot find an explanation of it in the text. The reader must surmise that the "angels" are the multinational corporations or their subsidiaries. However, the book explains neither why they are angels nor why they are frightening.

Negandhi and Prasas have produced a murky, inelegant and dull work. The form is so bad that it detracts seriously from the substance. Unfortunately, the substance is not of sufficient moment to warrant expending any effort to read *The Frightening Angels*.

PAUL BRICKNER*

CHILE: THE BALANCED VIEW. Francisco Orrego Vicuña, ed., University of Chile, Institute of International Studies, Santiago, Chile (1975) Pp. 298.

On September 10, 1973, as Chilean Air Force Hawker Hunter bombers strafed and fired the Presidential Palace, Salvador Allende sat alone on a sofa in a second floor reception room. Shortly after 1:30 p.m., he put two bullets in his head with an automatic rifle — a gift from Fidel Castro. *Chile: The Balanced View* is an attempt to place Allende's regime and the present military government's policies and goals in perspective. The book is composed of 18 essays, 12 of which are authored by Americans, seven by Chileans, and two by Englishmen. Several have been published before in such publications as *The Economist*, *Encounter*, *El Mercurio*, and *Foreign Affairs*; some are transcripts of statements before American House Subcommittees, the Council on Foreign Relations, and the Council on Foreign and Inter-American Affairs; one is a transcript of William Buckley's television program "Firing Line." Most of the essays are scholarly and a few are reinforced with comprehensive statistical studies of the Chilean economy either before or after Allende. The data furnished in Edward Glab, Jr.'s article, "A Political and Economic Overview of the Popular Unity Government" are an outstanding example.

The editors of the Institute of International Studies state that the criteria for acceptance of articles were three: 1) that they be

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authored by distinguished scholars and journalists in the field of Latin American affairs; or, 2) that they be of an academically and analytically high standard; or, 3) that they represent not widely circulated views that have been expressed in important forums such as the OAS or the Inter-American Committee on the Alliance for Progress.

The editors acknowledge that their selection may create a one-sided impression of the Popular Unity Government, but they add that the prevention of that result would have required the acceptance of polemicized articles.

Balanced and relatively evenhanded the selection may be, messageless it is not. The unfolding apology culminating in the fourth section of the book, "Bases for Chilean-U.S. Relations," is clear: the election and toleration of the Allende regime was an egregious error which Chile regrets. It now seeks U.S. aid to rebuild what purportedly may become a democratic government.

Vicuña groups the articles to create a progression of unmistakable character. The heavy reliance upon respected American spokesmen and the expressed or implied focus on Chilean-U.S. relations clearly indicate that this is a book written for American policymakers.

The first of the book's four sections, "A Political Retrospective," is an analysis of how Allende became President. A common theme is that despite Allende's election by Congress, he never represented the views or enjoyed the support of the vast majority of Chilean people, unlikely as this may seem. Throughout is the recognition that Marxist Socialism cannot be achieved and maintained in a fundamentally democratic system. The keynote of the section is that the Chilean people's expectations were during the Allende period and remain even now, fundamentally democratic.

The second section, "Blockade v. Economic Cooperation: Facts and Myths," denies that there was an "invisible economic blockade" of Chile resulting solely from U.S. disapproval of Allende's Popular Unity Marxism. The diminution of aid is attributed rather to lack of confidence of the major world aid organizations (Inter-American Bank, World Bank) in the stability of the regime. (The fact that these organizations are dominated by American interests should not pass unnoticed.) James D. Therberge's essay, "U.S. Economic Policy Towards Chile During the Popular Unity Government," concludes that there was no U.S. war of attrition against Chile. Well and good. We are assured that we are not to blame, at least so it seems until the last essay in the book, which again raises the spectre of culpability.

The third section, "An Economic Outlook," purports to lay out Chile's policies and methods for rebuilding her economy, though not very successfully. Short term goals: the assurance of minimum standards of living for all Chileans, the stimulation of economic growth, and the deceleration of inflation, are dealt with, but the other fundamental issues, how foreign companies will be compensated for their losses resulting from the nationalization of Chilean copper interests and how (and when) a democratic system of government will be reinstated, are not adequately addressed.

The last section of the book, "Bases for U.S. — Chilean Relations," like an O. Henry surprise ending, snaps the rest of the story into perspective. Ernest W. LeFever's statement before the House Subcommittee on Inter-American Affairs concludes that we must recognize Chile's sovereignty and not interfere in her affairs; we must recognize that, despite reports of repression by the present military government, we must make allowances because of the depths to which the Allende regime allowed the economy to plunge. Riordan Roett's statement, delivered on the same day to the subcommittee as LeFever's, expresses a similar view: the United States should not assume that it can or should "regain the initiative we once had in Latin America." We may be Chile's rich uncle, but we are not her father. The final essay, the transcript of an interview of former ambassador to Chile, William Korry, by William Buckley, is the clincher. Though Korry did not directly admit that the CIA "intervened," the implication is clear that it might have. The probable role of the United States in disabling the Allende regime — a role generally denied in the second section of the book — is again raised.

The selection and order of presentation of the articles create the impression that although the United States may not have participated in the economic blockade of Chile, it may have in fact intervened in some way, or was, at the very least, prepared to bribe the Chilean senators whose votes were needed to elect Allende subsequent to his plurality of 36.5 percent in the popular election. Whether the senators were actually bribed is historical and of relative unimportance. The abiding issue is whether the United States remains even now ready to intervene. The answer seems to be, yes. *Chile: The Balanced View* does not condemn the United States. Rather, it defuses any role we could, or might, have had in the fall of the Popular Unity Government by amply illustrating the fundamental instability of Allendian economic and political rule. Allende, the man who would be king, or dictator, is shown as an ineffective Marxist allowing a flow of

Cuban trained terrorists and weaponry into an increasingly debilitated country, a flow he was not prepared to use effectively. Moscow did nothing to help Allende. Allende the victimizer became the victim, as did Chile. The coup d'état, sanctioned by the Supreme Court, the Bar Association, and the Congress was, it appears, inevitable. The United States could not have harmed Allende's Chile any more than Chile itself did. Chile is not condemning the United States, though it perhaps could; it is asking us to reflect on our iniquity, though it be unestablished, and to judge the present government on its merits and goals (while discounting reports of torture or repression to an overenthusiastic regime faced with an emergency situation). Ultimately we are asked for aid, and the request is presented in a disarming manner: the strongest pleas are voiced by American scholars and officials. Chile asks for assistance in rebuilding one of the oldest democracies in the world, yet with no promise that she will remain a democracy as we know it.

Substantively, the book maintains a reasonable degree of objectivity without becoming static. The translation or editing occasionally muddies meanings, to wit: "The problem of external financment now looks complicated because of the recent rise of the international prices of mineral oil." Make no mistake, however, there is a message even in the madness.

Chile: The Balanced View is a valuable collection of essays, though much of the statistical material on the present government is not current (most data were collected in the early months of 1974 or before). Some articles are not generally available, and even though others are, a recompilation such as this will be useful to scholars, politicians, and interested lay readers.

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