

## BRAZILIAN LAW AND FOREIGN INVESTMENT

*DIE BESTEUERUNG VON TOCHTERUNTERNEHMEN IN BRASILIEN NACH DEUTSCHEM UND BRASILIANISCHEM RECHT.* By EDUARD METZGER. (Hamburg: Institut Für Iberoamerika-Kunde, No. 5, 1974. Pp. 182.)

*AUSLANDSINVESTITIONEN IN BRASILIEN: RECHTSGRUNDLAGEN UND ERFAHRUNGEN.* By HANS JOLOWICZ. (Hamburg: Institut Für Iberoamerika-Kunde, No. 6, 1974. Pp. 357.)

According to the special note at the beginning of these volumes, it is the purpose of the Institut Für Iberoamerika-Kunde "to gain scientifically-based insights on Latin America, and to analyze them and to make them widely available. The research emphasis is on current problems in the socioeconomic development of Latin America." It is further mentioned that the "work of the institute is not only devoted to pure research, but also to providing information for practical decisions of the private and public sectors." The two volumes do not meet these goals. One finds no attempt at socioeconomic analysis, and, as far as practical information is concerned, one wonders whether a long regurgitation of existing laws, with only little information on their practical application, is what private firms and government planners expect from a research institute.

The Metzger volume is a thorough compilation of Brazilian laws concerning the taxation of foreign subsidiaries in Brazil, with occasional comparisons to equivalent laws in West Germany. There is no attempt to analyze the application of these laws and their effects on the functioning of subsidiaries, especially German ones, in Brazil. The work reminds me of the sort of service publication one expects from the U.S. Department of Commerce.

The Jolowicz volume is only slightly more interesting. For the first twenty-two pages, the author provides a useful little summary picture of foreign investments in Brazil. For example, one learns that Brazil accounts for almost half of Germany's investments in Latin America and that Germany is the second largest foreign investor in Brazil. The author is sensitive to many of the problems foreign investments represent to a developing country. He states that "a potential conflict between the general good and individual interests exists everywhere; it is only more evident in the relation between a host country and foreign enterprises, which base their decisions not just on the interests of the subsidiary in the host country but mainly on the global interests of the headquarter office. However, the latter is subject to the laws and policies of its own country. Thus the subsidiary is subject to the pressures of four groups of interest: its own, that of headquarters, of the host country and of the country of origin" (p. 11). It is unfortunate that such general observations are not developed in the book.

Most of the volume consists of a compilation of Brazilian laws concerning foreign investments. It goes into great detail—covering the type of visas that can

be obtained for employees of foreign firms, the rights of minority stockholders, repatriation of profits, etc. As in the Metzger volume, there is no attempt at analysis or case studies of the actual functioning of subsidiaries. The last part of the Jolowicz book contains a report of an opinion survey of West German subsidiaries made in 1968. It has little relation to the bulk of the volume, but it provides some interesting information about the perception of managers of their subsidiaries in Brazil—e.g., the motivation for having invested in Brazil, attitudes towards importing second-hand machinery, locational decisions within Brazil, adaptation of products to local markets, quality of workers, attitudes towards price controls, etc.

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