

STATEMENT OF HEINRICH KRONSTEIN

BEFORE THE EXECUTIVE COMMITTEE OF THE FACULTY OF GEORGETOWN LAW CENTER

ON MAY 8, 1957.

I appreciate very much this opportunity to present the budget and the ideas of the Foreign Law Institute. These ideas have been developed for such a long period that I am perfectly prepared to submit to you the necessary figures, although I received the invitation to this meeting only yesterday.

Since some of you are not acquainted with the past, I think the following is pertinent:

(1) Georgetown University Law Center, under Father Lucey, S.J., who holds an honorary degree of the Frankfurt University, in real foresight of the coming needs undertook immediately in 1947 to establish a permanent cooperation of the Georgetown University Law Center with the faculties of law of the leading German university, the Johann Wolfgang Goethe Universitaet in Frankfurt am Main, and its Institut fuer auslaendisches und internationales Wirtschaftsrecht. Every year an exchange of faculty members took place. The entire faculty of Frankfurt University was in Georgetown, and a substantial number of Georgetown professors were in Frankfurt. Georgetown University Law Center students do research work in Frankfurt, while Frankfurt students are at present in Georgetown.

(2) My friend, Mr. Schulte sur Hausen, who paid to Georgetown Law Center up today about \$50,000, made his gift as a preparation of a foreign trade research center in Georgetown Law Center. His gift is going to continue until the end of 1959.

(3) At the end of 1954, a number of German industrialists offered to join Mr. Schulte zur Hausen for the purpose of establishing a larger international trade institute in Georgetown which was supposed to work closely with Frankfurt. Since this plan was based on some assumptions which proved to be inconsistent with organizational principles of Georgetown University, this plan had to be abandoned.

It always has been my hope and desire to maintain the chance for Georgetown to participate in such an institute. Therefore I did the following three steps :

(a) Between 1954 and 1957 I prepared in an informal way with the Frankfurt Institute for International Trade Law research on

- 1) Exclusive dealing clauses in the gasoline industry in practice and law in the United States and Germany;
- 2) Protection of competition in the fields of banking and insurance in the United States and Germany.

Both papers will be published in due time. Furthermore I accepted responsibility for the American Division of the Frankfurt Institute.

(b) I tried to get research contracts with American firms, such as IBM, Ford and Remington Rand. For reasons which we might discuss another time, it proved to be difficult to get such research contracts with Georgetown, while it does not make difficulties to get the research for Frankfurt. At present we are engaged in very hopeful negotiations with IBM in the field of the legal effects of automation on the organizational structure of trade. It is intended that Georgetown on basis of an agreement with Frankfurt, join this endeavors.

(e) Finally I began to collect American money for the Georgetown institute. A guaranty has been given for the payment of \$50,000 at proper time; furthermore, I am trying to obtain a substantial extension of the Schulte sur Hausen gift, more adapted to the particular aims of the institute. Mr. Schulte sur Hausen, an ardent Catholic, would like to help Georgetown, a Catholic university, to win a world-wide reputation by the establishment of this institute.

These negotiations are proceeding very well.

The establishment of such an institute is best done in two phases. Therefore, I am presenting a budget which is based on the following two phases:

1.- Research group Georgetown-Frankfurt 1957/58 :

Study of Federal Trade Commission as an example for a Central European agency on trade regulation;

American experiences on the non-par value shares and their utilization in Europe;

Collection of Antitrust material on a comparative basis.

2.- The final Institute on International and Foreign Trade Law in Georgetown Law Center.

The budget for both phases is submitted here under exclusion of all funds of Georgetown University. The budget is exclusively based on funds which either come from American friends of mine or from the Schulte sur Hausen gift, or from Frankfurt. Naturally, a certain participation of Georgetown or friends of Georgetown would be appreciated very much, but is not called for.

Budget Phase 1 . (Research Group Georgetown-Frankfurt 1957/58)
(Program as cited supra)

Available funds :

One Washington Schulte zur Hausen scholarship	\$ 3,750.--
Frankfurt Institute (therefrom \$2,500 immediately, rest during year)	\$ 5,500.--
Contribution of an American friend of the Frankfurt Institute	\$ 5,000.--
Schulte zur Hausen fund for three research assistants working for our group in Frankfurt	\$ 5,500.--
	<hr/>
TOTAL :	\$19,750.--

Expenses

Two research assistants in Washington (Ive Schwartz and Jan Kaczmarek)	\$ 8,000.--
One secretary	\$ 3,000.--
Three research assistants in Frankfurt (Gilbert, L ^{UCKEY} and Cohn)	\$ 5,500.--
Material, etc.	\$ 3,250.--
	<hr/>
TOTAL :	\$19,750.--

Since apparently rooms located within the Law Center or the University would be too expensive, it is intended to keep the operation for the time being in my home.

Budget Phase 2. (Final Institute)

This Institute shall be considered as established if and when the following conditions are fulfilled :

- (a) At least \$30,000 American money are at the disposal of the Institute as capital.
- (b) Mr. Schulte sur Hansen has extended his gift of an annual contribution of \$13,500 for operating expenses.
- (c) Agreements with the three German Institutes of International Law: Frankfurt, Hamburg and Heidelberg, have been reached, providing for their annual contribution of \$7,500.

In preparing the budget for this Institute, we have to distinguish:

- (1) Capital expenses for equipment, books, magazines, etc.
- (2) A minimum budget for regular expenses which run whether there are research contracts or not.
- (3) A budget based on the assumption that the Institute operates in pursuance to a number of research contracts.

Budget as to (A)

The capital should be minimum \$30,000, but if possible \$50,000.

It will be used for

Equipment	\$5,000.--
Books, magazines, etc.	
(on a 5 year basis)	
annually	\$5,000.--

Budget as to (2) (Minimum Budget)

Rent	\$ 3,000.--
Secretarial help	\$ 5,000.--
One assistant	\$ 5,000.--
Contribution to the salaries of directors	\$ 5,000.--
	<hr/>

TOTAL : \$18,000.--

As minimum income the Institute will have

the Schulte sur Hansen gift	\$13,500.--
Contracts with the three German Institutes	\$ 7,500.--
	<hr/>

TOTAL : \$21,000.--

If these figures should be too optimistic, there is always the capital reserve.

All other expenses (additional research assistants, a higher participation of directors, etc.) will depend on research contracts to be obtained. It is not necessary and not possible to build up such a budget at this time.

As soon as possible, additional income shall be used for the re-establishment of one teaching fellowship in Georgetown Law Center and for fellowships in Frankfurt.

It is advisable that the responsibility of the whole operation is not exclusively imposed on me. I hope that another member of the faculty will find this operation interesting enough to join me in that work.

Attached hereto is a memorandum on the Frankfurt Institute, submitted to give some important information.

1 encl.

M E M O R A N D U M

Report on the Frankfurt Institute for Foreign and International Regulation of Trade.

1. History of the Institute.

Already in the Twenties the Institute was established as an university institute for Comparative law. The scope of research was limited to Conflict of laws in the international field and to a comparison of the national legal systems.

Since 1945, under the leadership of Prof. Hallstein, the present German Secretary of State, the field of the Institute was extended to foreign and international trade regulation with specialization in American-European legal relations as well as of problems of European unification. The Institute could support Hallstein in his work in the Foundation of the European Community for Coal and Steel which proves to be a cornerstone of a new European legal system.

Under the guidance of Prof. Helmuth Coing and Prof. Hans Joachim Schlochauer the work of the Institute was deepened and extended in pursuance to the plans of Prof. Hallstein. Heinrich Kronstein has now been given the assignment to supervise the American activities and to prepare the cooperation with Georgetown University.

2. Legal Form of the Institute.

The Institute remained embodied in the faculty of law of the Frankfurt University; however, the Institute was given a special legal form as an endowment owned by the Federal Government of Germany as well as by the State

of Hessen. An advisory council of the Institute was appointed which is composed of the two directors of the institutes for international public law and international conflict of laws, Prof. Mosler, Heidelberg, and Prof. Doelle, Hamburg.

3. Library and Seminar Space.

The Institute has a library of about 12,000 volumes (Comparative law, 6,000; International public law, 2,200; etc.). The Institute has six rooms for the library and a large seminar room for conferences and seminar meetings.

4. Activities of the Institute.

The Institute combines the guidance of graduate students in the field of International trade regulation and Comparative law with the preparation of legal opinions for private and government groups. At present, the special division of the Institute dedicated to American problems is engaged in the following research:

- (a) Exclusive dealing clause in the gasoline industry in practice and law in the United States and Germany;
- (b) The protection of competition in the fields of banking and insurance in the United States and Germany.

During the next weeks a new research is to be undertaken in the following fields: The problem of oligopolistic organizations under the law of unfair competition and antitrust in the United States and Germany.

Negotiations with leading banking institutes are under way to prepare the research on the business organizations of joint American-German

endeavors in underdeveloped territories.

In other sections of the Institute American law became of special importance in connection with the status of the rights of mothers of illegitimate children of American soldiers.

5. Publications.

The Institute publishes two lines of publications; one on Foreign and International Trade Regulation, and the other on European Law. Six volumes were published during the last few years in the first group, while in the European Law section a commentary on Private Law embodied in International treaties in Europe was published.