

Germany's "Red Ink" Prosperity

The German press was jubilant recently over the news that the country's export figures in August set a new high mark for the Hitler regime, 541,300,000 marks, 2 per cent better than July's record total, which was 34 per cent better than that of July, 1936. On the surface it would appear that there is reason for the joy of the coordinated journalists. The exports were largely finished goods of the type which Germany is best able to exchange in the international markets—iron products, machines, chemicals, textiles, automobiles. An export balance was shown by the debtor nation.

But behind the inspired celebration there was reason to manufacture optimism. With one million men under arms to prepare for the war which the rivalry of European imperialism makes inevitable, the workers of Germany must labor to maintain this gigantic army and equip it. This means that the products of their labor and capital must be sequestered by the State in taxes; a conclusion which the State has long since drawn.

With monopoly unrestricted in the ownership of the limited natural resources of the country, its highly

valuable industrial and residential sites and its agricultural acreage, and with cartels—industrial combinations—fostered by the State further taxes are being levied upon labor and capital. Here the taxes—monopoly exactions—benefit not the State and its mercenaries but the private monopolists and their mercenaries. The victim is the same. This, of course, has burdened and discouraged production and further restricted economic opportunities and mass unemployment has resulted.

But fascism rides to power and holds it by "abolishing" mass unemployment. So, a grandiose public works scheme was put into operation. Construction of military roads, military airports, military barracks and similar improvements in the social services upon which the modern State concentrates are making work—at added terrific expense to those who produce the goods and services upon which man subsists.

That Germany, like the other leading industrial nations, has been living beyond her income is shown by the steady dwindle toward zero in the Reichsbank's gold reserves. To obtain in the foreign markets raw

materials such as copper, tin and oil which cannot be manufactured synthetically, even at the most uneconomic cost, as well as needed foodstuffs, Germany is exporting finished goods at uneconomic prices while her population's living standards are in steady decline.

One of the items in the export list is that of finished goods to Brazil. These are bartered to Brazil for coffee, which is packaged in Germany and sold at heavy losses to Brazil's customers. A host of similar transactions add to the red ink on Germany's ledgers.

As in other countries the losses must be socialized. Germany, like the United States, has monopolized the capital market to feed credit to the State. The tenth loan since 1935, the third this year, will bring the Reich's borrowing of the last two years up to 6,518,000,000 marks or \$2,622,191,400. "Bolshevism" has been banished from the National Socialist State but the records of planned economies, it appears, must still be kept with red ink.

—W. L.

See: "Protection or Free Trade," p. 116; pp. 112—122.