

Has the Black Cloud a Silver Lining?

By HARRY GUNNISON BROWN

Dorothy Thompson, in one of her recent syndicated columns, asserts that Germany's plan, in case of victory, is to establish a single customs union for Europe, thereby making the largest free trade area in the world. The planners of this system, she says, contemplate bringing the American countries into it by economic pressure. For example, they claim that there will be no market for the raw materials and the agricultural products of the United States other than the one they control, since these materials and products certainly cannot be sold in the Americas. The trade proposed to the United States will be based on barter. The countries of the new European customs union

will want raw materials and will pay for them in manufactured goods. Similar barter arrangements will be made with the countries of South America.

It would be a most interesting phenomenon, surely, if the economic pressure of a totalitarian Europe were to bring, for us and for them, a degree of freedom of trade and of specialization, with resulting increase of the standard of living, which democratic processes have never been able to bring.

One of the great difficulties in the way of establishing free trade by democratic means is the fact that men are much more conscious of their interests as producers than as consumers. In the case of the aver-

age consumer, buying shoes, clothing or other goods from a dealer, the idea that he is paying a higher price because of the protective tariff never enters his head. There is no mark on the goods to indicate that they are raised in price by the tariff or how much and, indeed, no one really knows just how much they are raised. The purchaser may read in some magazine article or newspaper editorial that the prices of various goods are enhanced by the system of protection or he may have been taught it during his school days in some course in economics. But certainly he isn't acutely conscious of the fact when buying goods and it is probable that the appeals of tariff-reduction political leaders arouse,

therefore, relatively little enthusiasm.

But in his position as producer and seller of goods his interest in the tariff is really acute, and his eagerness to maintain the full degree of "protection" to which his industry is accustomed is often a frantic one. The Congressman from the local district is urged, regardless of the party he may belong to, to use his influence for maintaining or increasing this protection. To accomplish this purpose the Congressman must probably vote for protection to other industries as well, industries the products of which his constituents will therefore have to buy at higher prices than otherwise. But since most persons are so eagerly interested in their position as producers and so uninterested in, even unconscious of, their position as consumers, the Congressman finds it often politically profitable to him and, even, necessary if he would hold his office—at any rate, so most of them seem to believe—to support and vote for bills by which the majority of his constituents are made poorer. For in this, as in other policies, it is too often through their own prejudices and lack of understanding that the masses of common folk in democratic countries are laid under tribute to those who seek to exploit them.

But what if a great foreign country—say a Europe under German hegemony—on which American producers in many lines are dependent

for the sale of their goods, is in a position to say: "We shall trade with you only by barter"! Suppose they thus say, in effect: "You must take from us in trade certain goods you are now shutting away by tariffs or we shall no longer purchase from you various goods which many thousands of your producers depend on us to buy"! This would at once make thousands of persons here, conscious as producers and, therefore, acutely conscious, of the importance to them of accepting these foreign goods in trade instead of excluding them by tariffs. Thus, the sharp objection to importation of these goods, from the home producers of goods of the same kind, would be met by more than the feeble and scarcely conscious desire of consumers to admit them. It would be met, also, by the clear insistence of comprehending producers that such goods be admitted.

Thereby a totalitarian domination of Europe might, and, too, through the instrumentality of totalitarian barter bargaining, bring about, for democratic countries like the United States, a freedom of trade never previously enjoyed.

These remarks are not at all intended as an encomium on dictatorial governments of the modern totalitarian variety—which, however, are not altogether dictatorial since they depend on, though they propagandize in order to get it, popular support for their major policies. The democratic way has, many of us believe,

an advantage in the long run and on the average, in the freedom of expression for divergent views and a consequent greater likelihood that all important considerations bearing on choice of public policy will be taken into account. Yet we cannot but admit that the totalitarian spirit shows itself in our democracy as well as in the professedly totalitarian states, that in parts of our country the expression of certain views has at various times not been safe and has, therefore, not been free. We must admit, too, that while totalitarian governments control mass sentiment by propaganda, dominant economic groups in the democracies have the financial means to control and do, to a considerable extent, control mass sentiment by the propaganda that their less pecuniarily prejudiced and more socially minded opponents too commonly lack the financial means to meet.

The fact is that totalitarianism, in practice, has aspects of democracy and that democracy has, in practice and much to the regret of its friends, certain aspects of intolerance that we think of as characteristic of totalitarianism.

But the point I am especially emphasizing here is that, in the particular matter of free trade, there is at least a possibility that totalitarian policy will operate to extend it, and even to force it upon foolishly reluctant democracies to the very considerable economic benefit of their people.