

Meeting Germany's New Trade Policy

By FRANK CHODOROV

Germany is preparing to adopt a new trade policy. It is not new in the sense of a change in her fundamental politico-economic scheme. She still plans to operate on a collectivist economy. But, whereas in the past, since the advent of Hitler (and for some time before), her policy was import-oriented, it seems now that she contemplates a shift to an export-orientation. That is, instead of seeking to establish self-sufficiency by restricting exports and wangling merchandise, especially raw materials, from the outside world, she plans expansion of her economy by encouraging exports.

All this, of course, is dependent on the political situation when war ends. If a stalemate eventuates, her present position of economic and political dominance on the continent will enable her to carry out the plan only if England and America do not change their foreign trade policies. If she conquers England, the present foreign trade policy of America will play right into her hands. But if she herself is conquered—then everything changes.

One gathers from Germany's announced war aims the general outlines of the projected export-oriented policy. Briefly it is this: controlling trade without tariffs within the territories she dominates, Germany will be the industrial and commercial center with the territories mainly agricultural or producing on orders from the central authority, which, as fiduciary agent, will determine all production. Berlin will bear the same relation to the subjugated countries that a factor or commission house bears to the mills in finances.

The peculiar thing about this policy is that it will work, and with a minimum of policing. Not because the Germans are so clever, but because the British and Americans, her only possible competitors, are so stupid. It will work because it will fit in with the reconstruction of impoverished Europe. It will work be-

cause the rest of Europe will find it profitable to fall in line. How long it will work (always assuming that the other big nations maintain their present trade policies) depends on how quickly Europe gets on its feet again, on ultimate political repercussions and on the probable social deterioration of Germany resulting from her controlled economy.

Indeed, so long as the nations in the Anglo-American economic orbit persist in their self-sufficiency policies, refusing to take the surpluses of non-manufacturing countries, Germany's plan of trade expansion need not be confined to the conquered areas. She can work her game with every part of the world that has something she needs, and for which no other taker can be found. And if she is countered with dollar-sterling competition, she can meet the rivalry with subsidization provided by taxing her nationals and all the conquered peoples.

In brief, by dropping all tariffs on the continent, Germany will encourage the production of things that will make her strong; by control of the finances of Europe she will further direct that production; by trade or by subsidies, whenever necessary, she will gather under her aegis the nations whose warehouses are glutted with raw materials. Her control of railroads and of shipping—she will be the buyer of all the ships that the continent can produce—will be a further factor in her progress. All the while her military machine will be strengthened.

This may be interpreted as either Germanophile or Germanophobe propaganda. It is neither. It is a description of the announced German trade policy, and is as realistic as the German planners can make it. The whole scheme is based on the trade policies of Germany's enemies, and its realism consists of an evaluation of their stupidity. Her whole scheme, economic and political, would crash if these countries were to re-orient their own trade

policies.

But let us see what dangers this new German trade policy presents to the United States.

The control of European production (a sort of continental A. A. A., with sanctions rather than bonuses the directing force) will fill her larder. Wines from France, mercury from Spain, Italy's olive oils, Danish bacon, cereals from the Balkans and iron ore from Sweden—all these will be paid for with German manufactures, at prices which will yield the Shylock of Berlin a handsome surplus. There will be no tariffs, but the Nazi machine will be oiled with the proceeds of these "free" exchanges of goods.

The surpluses will give Germany a barter weapon to use against countries doing business on a money basis. She will be able to dump desirable commodities filched from the workers of Europe at any price competition demands. Since the protective tariffs of the Anglo-American bloc force the accumulation of stocks in all parts of the world, Germany's goods-laden ships will be welcome in many harbors. Particularly if she can undersell those countries which insist on being paid in dollars or in sterling, which protective policies made increasingly unprocurable. Germany's dumping position will disorganize exchanges and will almost force extractive-economy countries to trade with her.

But she need not dump all her goods to gain her ends. She can build up her monopolistic position by the loss-leader method. She can oust American automobiles from the world market by dumping her own, making up the loss with sales of sewing machines or French wines.

It is true that the policy of trade by dumping is made possible by state-exploitation of workers, and that eventually this unsound internal economy will break down Germany's productive capacity. But until that internal collapse occurs international finance and commerce will

be in a chaotic condition. Reliance on a collapse of German economy is somewhat fatuous in view of the lesson taught by England: an unstable home economy can be shored up with the spoils of foreign exploitation. So long as Germans get plenty, the revolt will have to come from the subjugated peoples. Ireland fought six centuries for freedom from foreign exploitation, and India is still fighting. For a system of sound international trade one must look to something else than a collapse of German economy.

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The political ends to which the German economic measures will be employed present an even greater danger to the United States. Nazi bureaucrats will disregard economic consequences at home and abroad to carry out the policy of making Germany the controlling broker of Europe's exports and imports. Her State foreign trade monopoly will be the weapon. The markets of the world will be centers of Nazi propaganda dissemination; democracy as a hope for humanity will be discredited by its inability to meet competition, for the satisfied trader does not take the trouble to look behind the returns.

This foreign infiltration will be somewhat offset by intermittent revolts of subject populations, but the Nazis will learn how to regularize the exploitation by yielding more and more political freedom, and their economic position will taper off the revolutionary character of the Nationalist Socialist State. Why fight for what you have?

Thus the export policy of Germany involves not only chaos in international trade, to our economic disadvantage, but also a political condition fraught with the perpetual possibility of explosion.

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And yet, this self-same policy affords the United States an unprecedented opportunity to take the leadership in restoring international trade on a sound and ever-expanding basis. It must be kept in mind that Germany's former import-oriented policy isolated her and her people from our influence; now that she plans to meet us in the market

places of the world she lays herself wide open to this influence, if it is properly applied. If we go to her customers as prepared to buy as we are to sell, we will counter her bargains, made by slave labor, with the products of free men with a sufficiency of wages to spend.

We must buy. That is the one weapon that can defeat Germany's new trade policy. We must buy from all the world, including Germany (and her slave states), all the things which they make better or cheaper than we can make them. We must buy, and our rich market will direct the production of the things we want. Germany will find it profitable even to encourage her dominions to produce the things demanded by us and not by her. Politics will give way to business—if there are customers. To beat Germany we must buy.

It is true that this policy would leave Europe, domestically, still a slave economy. But the restoration of freedom to Europe must be left to time and the Europeans. If we permit emotionalism to shape our trade policy, and proceed sanctimoniously to whip Germany into line by making the lot of the Europeans worse (by refusing to do business with them) we shall drive them into the chaos of communism. Or if we go still further and adopt a State foreign trade monopoly of our own, meeting subsidy with subsidy, we shall not only hasten a war of mutual extinction but we must also face the inevitability of a slave economy of our own—a rather expensive price for a peeve. An American State foreign trade monopoly will be followed by a State monopoly of internal trade, and by the consequent abolition of all traditional American liberties; there cannot be a partially free collectivism.

On the other hand, if we adopt a sound policy of buying, we will help the restoration of Europe. She will become a consumer as well as a supplier of goods on an increasingly larger scale, for it must be remembered that trade is a two-way street. To sell to us Europe must buy from us. Trade extends the very mutual-ity of interests which produces it, No matter how much the Nazis hate us

and our democratic system, the market we offer will be an irresistible inducement to do business on a sensible basis; for even in international trade the buyer is always right.

The tradesman has ever been the harbinger of civilization. He brings news of far-off places and their folklore, and his wares are visual evidence of the skills of other people. Billheads, labels, advertisements and ordinary business correspondence bear witness to foreign culture, which insinuates itself by arousing intellectual curiosity. Ideas are embodied in goods. By merely trading with Europe our Christian idea of individual dignity will undermine the hypodermically fostered collectivism. Nazism will succumb to the sheerest infiltration of democracy. And, as heads become cool and clear through the process of trading, our favorable position as a big buyer will prompt the business-seeking Nazis to give heed to our dislike of anti-Semitic, anti-Christian, anti-humanitarian and anti-capitalistic policies. By trade, not by war, we can force the abandonment of these policies.

Vengeance is a satisfying but expensive emotion. To seek revenge on the Nazis for the harm they have done to culture or the evil they have visited on many peoples is as human as it is sophomoric. In the short run, even if we should be successful, a vengeful trade policy would harm us more than our adversaries. In the long run, a sound trade policy will bring about a free world economy, the conditions of which will enable Europeans to settle accounts with the Nazis-Communist-Fascist barbarians and aid to make such a settlement lasting. We can help Europe to sanity and peace by trade; by war, commercial or military, we can only drive them and ourselves further into the mire.

The condition which Europe is in can be traced to a trading policy which is rooted in hatred and fertilized with isolationism. State capitalism was forced on Germany by the economic conditions resulting from the World War and the settlement. It was initiated before the Nazis came to power. So too was the barter trade system. Hitlerism is the excrescence of an economy of

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poverty, largely induced by the attempt of the Allies to impoverish 70,000,000 human beings through trade restrictions.

The new export-oriented policy of Germany plays into our hands. It is not an invention of some diabolical brain in Berlin; it is a policy of expediency, forced upon the Nazis by their need for foreign products. The notion that Germany, much as she would like to, can reconstruct Europe on the basis of European autarchy, is based on ignorance of the distribution of the continent's natural, human and technological resources. The fact is that she is forced to trade, to export goods because she needs goods. Very well, then, let us buy in order that we may influence, even dictate, her political policies.

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What does a practical, realistic United States policy involve?

First and foremost, it calls for a rapid lowering of our trade barriers, with complete abolition in view. For political reasons this should be made to favor our American neighbors, for the knitting of this hemisphere into a strong trade bloc will go a long way toward restraining any European political venture on this side of the Atlantic. Europe needs all the American markets; she will have to conform to our standards—politically, commercially and financially—if she is to meet us in these markets on free trade terms.

Obviously there is a tinge of hemispheric trade war in such a policy, and it seems to deny the purpose of helping Europeans by trading with them. An all-out free trade under the political circumstances is impossible; on the other hand, strengthening Pan-American relations through trade will be the weapon for driving political bargains with the Nazis. The new German trade policy will work only haltingly if the entire Western World is excluded from its sphere. If entrance into this part of the earth will be made possible only by adherence to civilized practices, the exigency of the situation will force such practices on even the Nazis. Besides, the prospect of extending to Europe the same favorable trade relations as exist between

the American nations will be a bait against which no ideological fiction can hold out.

Moreover, a close economic bond between American nations would inevitably result in a quickening of strong cultural relations. The traveling salesman would be accompanied by the itinerant lecturer, and the free entry of books and movies would do a great deal toward making all Americans American.

Supplementing this establishment of strong cultural relations with Pan-American countries on the basis of the closest economic relations, provision must be made for encouraging citizens of the United States to invest capital and talents wherever they are needed for the development of these countries. Not through any governmental agency—which cannot be large enough, flexible enough or sufficiently enterprising to do the job right.

Pan-American conventions predicated upon principles of free trade, because of the certainty of mutual economic advantages, would make possible in their agenda the forging of weapons against dumping goods and undesirable political ideologies. Trade between these countries would be based on sound principles, the terms of which could be imposed on Europe as a condition of admittance into the world market.

And Europe, during its distressing reconstruction period, would be amenable to such economic suasion. Hitler's bombastic phrases notwithstanding, an internationally accepted medium of exchange is an essential instrument of trade. The barter system is clumsy, wasteful and irritating. It is barbaric. Only through financial channels for balancing exchanges can trade be carried on in a simple and civilized manner. But no contractual relations of trade or of finance can be based on mistrust. Credit is necessary, and credit is faith that contracts will be fulfilled. To engender that faith will be Europe's main need, and she will therefore willingly subscribe to the terms of trade laid down by an economically-knit Pan-Americanism.

This frankly imperialistic Pan-American policy has for its purpose

the regeneration of a world which economic isolationism has brought to its present deplorable state. It is motivated by a social ideal, not the old-fashioned, short-sighted dollar imperialism. Its ultimate purpose is to restore the comity of nations.

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But suppose Hitler attempts to fight this hemispheric economic bloc with other weapons than trade? Flushed with the success of arms, will he be frustrated by a crowd of business men? Are the rules of human behavior applicable to a psychopath?

This view presupposes that the psychology of Europe has been twisted into a mass of diabolical reactions. It assumes that Europeans have been so conditioned that they do not seek to satisfy desires in the direct and easiest way. It assumes that they will be continuously so conditioned by the Nazis, who because of their congenital brutality are a different breed of mankind.

This view cannot explain the announced German policy of expansion by trade; no people bent purely on destruction will think of either expansion or trade. Furthermore, this view rejects any economic interpretation of the rise of Hitlerism, and must rest its case on the assumption that Germans are not men.

Although the view is reminiscent of Hellenic "barbarism" and Salem witchcraft, it is so widely held that merely as an expedient toward the acceptance of the suggested curative Pan-American trade policy, the latter might include the building of the largest Navy and the largest Air Force the world has ever known.

The danger is that such a military machine might be used—as military machines have always been used—to bolster the old-fashioned dollar imperialism, as an instrument for the exploitation of Europeans and Americans. But, in view of the world's nerve condition, that chance must be taken. For the measure may be purely dialectical, and long before such a Navy is launched, long before the war birds fill the air, sanity will be brought about by ships that bring goods and good tidings from all parts of the world to all its ports.