



ARTHUR R. UPGREN

VICE PRESIDENT AND ECONOMIST
FEDERAL RESERVE BANK
OF MINNEAPOLIS

Economic Proposals for the Peace Settlement

By ARTHUR R. UPGREN



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THE United States needs dynamic policies in the area of foreign economics. In the past the pattern of our policies has too frequently been based upon a projection into the present and future of conditions that no longer prevail. Rapid changes have taken place in the foreign trade interests of the United States. We have a stake, now, in the stability and expansion of the international economy. The sharp changes in our national interests call for greater resourcefulness in developing methods by which to protect and enlarge that stake.

Changing Structure of Our Foreign Trade

The outstanding change in the foreign trade of the United States in the first four decades of the twentieth century is a striking one indeed. In most of the nineteenth century we were preponderantly exporters of raw materials and agricultural products and importers of finished and manufactured goods. In the twentieth century this pattern has been almost completely turned upside down. Within this century we have become very heavy exporters of highly

finished products and the world's greatest importer of many raw materials and some primary agricultural products.

These changes in the main features of our trade have been brought about by the great enlargement of industrial production in the United States. Production for a large internal market, especially our newer manufacture of highly engineered products, has brought low costs. And low costs have enabled us to secure a market for our products in many parts of the world. American factory machinery, mining equipment, road-building equipment, automobiles, and machine tools are well known and in high demand in many parts of the world. We have advanced the development of our own continent in one-third the time Jefferson thought it would take. The equipment which contributed to that speedy success is wanted by newer parts of the world, which are beginning the exploitation of their own continents.

These changes in our foreign trade can be viewed (1) in terms of geographic areas and (2) in terms of commodities. Our domestic economy may be considered to be nourished not solely from

roots in our own national economy but also, in differential amounts, by roots penetrating into the several major world areas with which we trade. Similarly, it may be viewed as nourished along the lines of many commodities of varying importance to our domestic economy.

Geographic Areas. As a result of the changes in our foreign trade, the directions of our trade interests have shifted. Rather than Europe, it is the newer continents of the world that find our heavy products most appropriate. We, in turn, must feed our industrial production with greatly increased types and amounts of raw materials. These are produced both at home and abroad; they are produced in the newer world areas rather than in Europe.

This change in the directions of our trade interests is revealed in EXHIBIT I. Here are given for the three major world areas, Europe, the Western Hemisphere, and Asia,¹ the amount and growth in our trade with each of them from the turn of the present century, 1901-1905, to 1937.

EXHIBIT I. DIRECTIONS OF UNITED STATES FOREIGN TRADE

Areas	Exports	Imports	Total Trade	Growth in Total
	1937	1937	1937	Trade from
	(In millions of dollars)	(In millions of dollars)	(In millions of dollars)	1901-1905 to 1937
Europe	\$1,360	\$ 843	\$2,203	42%
Western Hemisphere	1,158	1,113	2,271	300
Asia, including Oceania	679	1,036	1,715	550

In 1937, in terms of these three major areas, total United States trade was largest with the Western Hemisphere, the trade with Europe was a close second, and the trade with Asia a fair third. But in terms of growth since the turn of the present century the two newer areas, the Western Hemisphere and

¹ Includes Oceania, i.e., the countries on and south of a line drawn from Japan through China and extending to British India.

Asia, reveal a rate of growth far above that which has taken place in our trade with Europe.

The figures contained in EXHIBIT I also reveal one decided *triangular* element in our foreign trade. We export to Europe much more than we import from Europe, and we import much more from Asia than we export to Asia. In contrast, our trade with the Western Hemisphere as a whole is normally much more closely in balance. Our excess of exports to Europe has been largely products of agriculture, and we have placed Europe in a position to pay for her excess of purchases from us by our excess of purchases of raw materials from Asia. In our payments to Asia for this excess we supply the dollars which flow back to Europe in payment for Europe's export of finished goods to Asia, and of course from Europe they flow back to us in payment of the goods we sell to Europe.

The significant fact to be drawn from this triangular trade is that purchases of large enough amounts of raw materials by the United States from newer world

areas can be a wholly adequate way of providing the means whereby Europe can pay for our excess of exports to her. What is needed, of course, is trade enlargement that is advantageous to all areas, not a balancing of trade *with specific areas*.

Commodities. The striking change in the commodity interests represented by our foreign trade is partially reflected

in EXHIBIT II. At the turn of the century cotton, meat, and wheat were three of the most important exports of the United States. Today the highly engineered products consisting of machinery, petroleum (produced and refined with the aid of more machinery per worker than for any other major industry), automobiles, and iron and steel are the important exports.

sphere countries. Only wood pulp is normally secured in largest amount from Europe.

Unless there is reason to believe the trends that have been shown will change, American interests in the Western Hemisphere and Asia are destined to grow; that fact should be recognized in the development of foreign economic policies. It is these areas that take many of

EXHIBIT II. COMMODITIES IN THE FOREIGN TRADE OF THE UNITED STATES

	<i>Exports</i> 1937 (In millions of dollars)	<i>Exports</i> Average 1901-1905 (In millions of dollars)	<i>Change from</i> 1901-1905 to 1937
<i>Exported Commodities</i>			
Machinery	\$479	\$ 78	+514%
Petroleum	376	82	+359
Automobiles	347		+ Over 1000
Iron and Steel	300	33	+809
Cotton	369	335	+ 10
Edible Animal Products	43	182	- 76
Wheat	64	131	- 51
	<i>Imports</i> 1937 (In millions of dollars)	<i>Imports</i> Average 1901-1905 (In millions of dollars)	<i>Change from</i> 1901-1905 to 1937
<i>Imported Commodities</i>			
Rubber	\$248	\$35	+609%
Sugar	166	77	+116
Coffee	151	69	+119
Paper	137	4	+ Over 1000
Vegetable Oils	112	7	+ Over 1000
Silk	107	45	+138
Tin	104	22	+373
Wood Pulp	98	3	+ Over 1000
Wool	96	25	+284

As an indication of our import trade, nine important commodities are listed in the second half of EXHIBIT II. These commodities, with the single exception of wood pulp, are imported from the Western Hemisphere and Asia. Thus, as our industrial production has grown, it has "chewed-up" larger amounts of raw materials. To be sure, most of these raw materials are produced at home, but many of them are produced abroad, preponderantly in the newer world areas. Of the nine commodities no less than five, rubber, vegetable oils, silk, tin, and wool, come in largest part from Asia. A major part of our sugar and about all of our coffee and paper (newsprint) are secured from Western Hemi-

our exports of petroleum, the major portion of our automobile exports, a great deal of our iron and steel, and large amounts of American machinery, mostly of the road-building, extractive, and agricultural types, highly useful in these newer world areas.

Perhaps the best evidence of the significance of the twentieth-century peacetime changes in our geographical and commodity trade interests is to be found in our wartime "commodity" experience. No important commodity has been rationed because of failure of European supply (control over paper may perhaps be attributed to failure of wood-pulp supplies). But the necessity for rationing sugar, coffee, and shoes

was caused in part by failure of supplies from the Western Hemisphere and the Far East. In addition, limitations on the use of wool by consumers and on the use of many other commodities by industry have been occasioned by shortages or threatened shortages of Asiatic supplies. This evidence is more striking when consideration is given to the record of scrap campaigns; in one way or another collection of scrap or other supplies of tin, rubber, fats, silk, manila rope, and quinine have all been necessitated by failure of supplies that must come across the Pacific. Two years of blockade of Europe (which blockades the United States from Europe) caused us little inconvenience. In six months the domination by Japan of the Southwestern Pacific caused great inconvenience.

Proposed Lines of Policy for the Future

Before specific international economic policies are suggested, it is well to recall the importance of sound *domestic* economic policies as a basic prerequisite for the success of any set of *international* measures.

Maintaining Vigor in the Domestic Economy. International trading, for a country as important as the United States, can be at high levels only if domestic activity is at high levels. For many important lines such as steel, petroleum, machinery, and automobile production, the industrial production of the United States varies from about 30% to 60% of world production. Moreover, a considerable part of the raw materials that are processed or fabricated in our industrial production come from abroad. The level of domestic production in the United States, therefore, can have resoundingly important effects upon the volume of our trade with the external world. When productive activity in the

United States is high, our imports are high. If productive activity and consequently income levels are low, the result is a low level of imports.

Foreign countries, especially the one-crop countries, cannot initiate domestic expansion in face of depression in the countries that are markets for their primary commodities. In order to provide reasonable prosperity in the areas producing raw materials, industrial production in the heavily industrialized countries must be maintained at reasonably high levels. Likewise, the countries endowed with a diversified industrial production and a large fraction of the world's total industrial production have primary responsibility both for international economic health and for their own domestic well being.

To illustrate this point there are given in EXHIBIT III a few figures for selected imports, both free and dutiable, for the years 1929 and 1932, to show how import volume of the United States declines from prosperity to depression. Although the number of items given is small, their behavior is fairly representative for most of the imports of the United States in these two years. The decline in imports, of course, is generally greater for a larger number of industrial raw materials than of finished goods. In the entire list of imports only cigarette paper held its own. Newsprint paper, wood pulp, and toys declined relatively less than other commodities. But imports of leather bags declined sharply, indicating that, when national income falls, purchases of such commodities decline, as happens in the case of industrial raw materials when industrial production falls. In the period following 1932, imports rose with the recovery in industrial production and national income.

If the United States is to have any substantial freedom of action in the

international economic area in the post-war period, it will be of the utmost importance that strong economic health be maintained in the domestic field. If vigor is not maintained in the domestic field, most policies can aim only "at holding our own at home." If that vigor is main-

make firm long-term purchase commitments for the annual quantities of industrial raw materials that it needs, having regard to levels of postwar domestic activity that appear attainable. Such agreements might be made with all raw-material producing countries that wish

EXHIBIT III. UNITED STATES IMPORT VALUES IN 1929 AND 1932 FOR SELECTED COMMODITIES AND TARIFF STATUS OF SUCH COMMODITIES

Import Commodities	1929 (In millions of dollars)	1932 (In millions of dollars)	Decline in Per Cent 1929-1932	Tariff Rate or Specific Import Duty as a Percentage of Value of Import	
				1929	1932
Free of Duty					
Coffee	\$302	\$137	-54%	Free	Free
Rubber	245	33	-87	Free	Free
Paper	145	85	-41	Free	Free
Hides and Skins	137	23	-83	Free*	Free*
Wood Pulp	118	54	-54	Free	Free
Tin	92	16	-83	Free	Free
Dutiable					
Sugar	\$130	\$ 38	-71%	84%	193%
Jute Burlaps	77	17	-78	8 $\frac{1}{3}$	20
Nickel	17	4	-76	12	12
Manganese Ore	8.4	1.1	-87	87	57
Bristles	8.3	2.3	-72	5 $\frac{1}{4}$	4
Leather Bags	4.6	1.1	-76	30	35
Toys	4.1	2.5	-39	60	60-70
Cigarette Paper	4.1	4.1		60	60

* Part of the imports in this classification are subject to a 10% duty.

tained, on the other hand, appropriate international policies can enhance it.

Provided satisfactory measures are adopted for maintaining high levels of economic activity and national income, the United States can implement desirable international economic policies. Such policies are founded in our own national interest, and they can also serve to assist the raw-material producing nations of the world.

Stabilized Raw-Material Purchase Agreements. Given firm political settlements and satisfactory war settlements, United States leadership might undertake to

² Arthur R. Upgren, "Southeastern Asia and the Philippines as a Market," 226 *The Annals* 9 (March, 1943). In this article was suggested the possibility of "raw-material-open-market purchases" to cover acquisition by the United States immediately at the end of the war of supplies of

to join in acceding to the terms offered and might likewise be open to all countries consuming such materials.

These agreements could provide for minimum prices "to approximate those price levels that appear as plateaus between deep depression price valleys and the high-price peaks of extreme boom years."² If the current prices were above prices specified in the contracts, the contracts would be suspended until the prices reached the levels specified in the contracts.

Upon completion of the agreements the United States could undertake, for its own account and possibly for the

raw materials exceedingly short in supply in the United States as a device to give dollar assistance quickly to stimulate world recovery. To the extent that such an arrangement may be found practicable, it would seem a more desirable way of supplying at least a part of the world with dollars

account of other raw-material consuming countries wishing to join in the agreements, to finance the purchases and thus to assist in rehabilitation and reconstruction. This assistance could help to cover immediate pressing domestic needs of the raw-material producing countries or, in the absence of such needs, assist these countries by reviving in them export markets for the industrial goods of western Europe more quickly than would otherwise be the case.

The agreements could be written to run five or seven years with renewal contemplated in the third or fourth year. The purchase of specified quantities of raw materials in this way could provide needed stability for the exports of raw-material and one-crop countries. Such stability is in the interest of the United States, provided the single assumption that the United States proposes to maintain high levels of activity for its domestic economy is realistic. In the case of raw materials likely to be available at the end of the war, the price terms set in the agreements could be most favorable to the United States. In the case of raw materials for which there may be immediate shortages, the agreements could provide for expansion of production at reasonable prices.

European Food Purchase Agreements. No one needs to be reminded of the disruption of the flow of United States agricultural exports to western European countries in the 1930's. But what is not

so commonly recalled is the consequence of that disruption in terms of the situation that then developed in the United States and in western Europe, before the outbreak of the present war.

These agricultural exports were dammed up at home beginning early in the 1930's. When the inability to maintain our export flow developed, various kinds of sustaining, adjustment, and subsidy measures were adopted for the United States agriculture. With the onslaught of the depression the countries of western Europe, to protect and shelter their agricultures, also adopted various measures, such as high tariffs, limited import quotas, and milling requirements for a high-percentage use of domestic grain. Following these protective measures designed to secure home markets for home producers, different kinds of export devices were adopted by some of the western European countries that, through self-sufficiency (attained at great cost), had moved from an import position into a surplus export position.

Probably with the advent of the Nazi regime in Germany the control that had been secured over the domestic market in foodstuffs passed from an understandable economic or antidepression measure into a militarist agricultural policy. The impetus for control of agriculture had passed from the stage of sheltering farm prices and incomes against the worst of the depression into the stage of stimulating and expanding home-grown supplies to secure food self-sufficiency.³ Such self-sufficiency was the

than doing so by providing the funds for international use in a more general way, for the reason that provision of such funds would be for the acquisition of commodities needed by the United States. Certainly such an arrangement should be explored before resorting to monetary schemes for advance of funds on open account, through an international credit fund, or through generally long-term loans.

³ From 1927 to 1937 consumption in Germany rose in the cases of potatoes, rye flour, bread, and baked goods, and fell in the cases of white and whole wheat bread, meat, milk, eggs, vegetables, and tropical fruit. These data are for German workingmen's families whose real incomes are estimated to have risen by about 25% in this ten-year period. Thus self-sufficiency was partially secured by more human consumption of bulky foods and less

outstanding requirement, second only to adequate rearmament, for convincing the German people that successful war could be possible. It was necessary for German leaders to boast not only of modern instruments for blitzkrieg but also of an assured food supply for the civilian population, which might otherwise be adversely affected by a British blockade.

By the middle of the 1930's, defensive protection of German agriculture was changed to offensive drive for food self-sufficiency. Among other things, prices were increased substantially above the levels of most of the 1920's in order to stimulate the needed increases or changes in agricultural production and to cover the high cost of the additional "forced" supplies.

The results of this process are easily reflected in the prices for agricultural products that prevailed in western European countries. At a time when lard was being sold at less than 8 cents a pound to consumers in the United States, it cost consumers more than 32 cents a pound in Germany. In the case of the staple commodity, wheat, the following prices in dollars per bushel prevailed in January of 1936 in selected western European countries: France, 1.55; Austria, 1.85; Czechoslovakia, 1.97; Germany, 2.29; and Italy, 2.47.⁴

Yet *at the same time* that the price of wheat in Italy and Germany was more than \$2.00 per bushel, the price of wheat in the Argentine, Australia, Canada,

and the United States ranged from \$0.93 to \$1.06 per bushel.⁵

The "battle of wheat" in Italy—a struggle to lift wheat production from about 175 to over 250 million bushels—was won both at the expense of Italian consumers and at the expense of producers in the wheat-exporting countries including the United States. Though Mussolini personally dramatized the battle, no mention was made of the resulting high prices Italian consumers had to pay for wheat. The story was much the same in Germany. And what probably could be called "counter-defensive measures" appear to have been adopted in Czechoslovakia and France.

Thus it is clear that the effects of the situation lowered the price of wheat to \$1 a bushel (and for most of the past decade to less than that) in the world's great surplus-producing countries and increased it to an average of about \$2 a bushel in the world's great deficit area.

According to the *Statistical Abstract*, during the period from 1933 to 1940 total "government payments" to agriculture in the United States were no less than \$3,859,000,000, a considerable part of which was paid to pork and lard producers and to wheat growers, now deprived of the greatest export market that had formerly been open to them. The amount of payments (to all agriculture in the United States) rose to the annual level of \$1,000,000,000 in the latter part of this period.

human consumption of the foods which are concentrated from grain (grain used as food in the form of bread "goes about seven times as far" as when consumed in the form of eggs and meat). It may be said, in fact, that the policy was "about 200% wrong" because, given the rise in incomes which did occur, German workingmen's families got more potatoes and rye and less meat and fewer eggs when what they wanted was *more* eggs and meat and less potatoes and rye. See Otto Nathan,

"Consumption in Germany during the Period of Rearmament," 56 *Quarterly Journal of Economics* 349 (May, 1942), and Carl Major Wright, *Economic Adaptation to a Changing World Market* (Munksgaard, Copenhagen, 1939).

⁴ League of Nations, Economic Intelligence Service, *World Production and Prices, 1935-1936* (New York World Peace Foundation, 1936) p. 119.

⁵ *Ibid.*

At the time of these large payments to agriculture in the United States, the cost of self-sufficiency in wheat for France, Italy, and Germany, and in barley and pork for Germany only was amounting annually to no less than \$1,500,000,000.⁶ In other words, these European countries could have obtained their supplies of wheat, barley, and pork at a saving of \$1,500,000,000 annually had they been purchased from the world's great surplus-producing countries at prevailing world-market prices rather than produced at home under the forced draft of high prices for the domestically produced supply. It is true, of course, that had the supplies of these agricultural products been purchased in the world market, the world market prices might have been somewhat higher. Nevertheless, European prices certainly would have been considerably lower. That the benefit of price gain might have fallen partially to the producing countries is no objection in light of the great saving that would surely have accrued to European consumers.

For the period following the war, firm and abiding arrangements should be made for a much larger postwar import, by the western European countries, of the barley and wheat of Canada and the wheat, pork, and lard of the United States. The peace settlement, therefore, should contemplate including such food purchase agreements, in order to put an end to the process that has sharply curtailed export markets of the efficient (as tested by price) surplus-producing countries and that has resulted in extremely high-cost basic food supplies for consumers in western European countries. Such agreements would, of course, be nondiscriminatory in treatment; that

is, all producing countries would be permitted to participate on the export side, with agreement to be imposed upon or secured from western European countries.

These agreements would impose reduction in output by the demonstrably inefficient wheat-producing countries and relieve the necessity for such reduction by the efficient surplus-producing countries. Agreements of this kind probably should have a duration of ten or fifteen years. In a period of that length not only would gradually increasing amounts of these staple and basic foodstuffs be taken by western European countries at great savings to them, but also European agricultural energies and resources would be transferred into the production of more profitable commodities.

This transfer of agricultural energies and resources into the production of more profitable commodities means that the western European countries would undertake a process of changing their agricultural output toward the production of the protective foods such as meat, milk, vegetables, eggs, and butter. This is the kind of profitable adjustment that has been made in the past in Denmark and Minnesota. A similar adjustment in agricultural production should, in time, effect double saving for consumers in western Europe. There would be a primary saving in cheaper basic foods, particularly wheat, pork, and lard. There would be an additional benefit in larger supplies of the foods that Europe is able to produce and is reasonably well known to want in larger amounts, given a postwar restoration of prosperity for western Europe. If we do not wish to plan and work for that kind of a Europe after the war, a continuation of the arrangements that prevailed before 1939 may as well be permitted for the indefinite future.

⁶ University of Minnesota, *The Midcontinent and the Peace* (Minneapolis, University of Minnesota Press, 1943), p. 25.

Assisting Newer Countries to Industrialize.

The people of the United States can hardly be surprised at the aspirations of newer countries to increase their industrialization. Those countries wish to emulate the successful industrialization of the United States. If we have been wrong, we had better hurry to tell them so.

It seems abundantly clear that there is no question whether such newer countries are going to industrialize. They are going to do it. It is also clear that their wartime prosperity and the large amounts of foreign funds and gold they have accumulated are going to help them to advance such industrialization.

Consequently the greatest help that we in the United States probably can give will be to try to point out plainly from our own experience the mistakes that can be made. A smaller country with a small market cannot expect to industrialize on every front; even in the United States we cannot expect to become synthetic Cinderellas producing at home every commodity we need and importing none. Just as we cannot expect to be completely self-sufficient and at the same time maintain high advances in total output, other countries cannot expect to undertake even as broad programs of industrialization as we have attempted. The United States, however, out of its own experience can suggest the lines in which newer and smaller countries can expect to attain reasonable success in industrialization despite their more limited markets. Their areas for industrialization would probably be most successful in the lighter goods industries, where optimum size of plant would probably yield a quantity of production not too great to be absorbed by the internal market of the industrializing country.

In furtherance of such a policy we

may well recognize that tariffs are a most convenient device to facilitate industrialization. By suggesting to the newer countries that they adopt tariffs in some lines, we may be able to prevent the imposition of tariffs in other lines. In fact, if the problems of the industrialization of newer countries could be solved in this friendly way, the United States might ultimately expect to buy supplies from some of the industries thus established in the newer countries.

In this way we should promote for ourselves continued entry into the markets of those newer countries. We could sell them the industrial goods for which we have relatively great production advantages. In turn we could secure from them some of the products we want without participating in the promotion of foreign investment that may not economically meet the needs of the countries where it is made.

Antimonopolistic Measures. The United States could well consider joining with other industrialized countries in formulating, as one of the guides for postwar policies of foreign trade, an international equivalent of the Sherman Antitrust Act. Monopolistic practices in world trade are implemented primarily by the cartel in one form or another. The future of cartel arrangements is, therefore, the subject of wide discussion both at home and abroad. Except for (1) special cases of export associations (Webb-Pomerene Act) and (2) the extent to which we may have been drawn into cartel-like participation by patent and processing agreements, we have generally remained aloof from these restrictive organizations, and in fact our national policy has set obstacles in the way of American participation in cartels.

Skepticism that international cartels can promote international well-being is

shared by Russia. It is also of great interest to observe that cartel policy has become the subject of wide and popular discussion in England today. Consequently, if both the United States and Russia are generally opposed to measures restricting trade and if Britain too increasingly veers to this view, it would seem highly desirable to consider the adoption of policies aiming at eliminating monopolistic restrictions upon world trade.

Measures could be designed to increase the effectiveness of competition. The enlargement of competition has brought in its train the application of new, efficient, and advanced industrial techniques. The steel industry offers a case in point. In the United States there are more than 25 continuous strip-sheet mills that have been of great assistance in our war production. But mills of this type do not seem to have been developed and put into use so widely in countries whose producing companies are members of the international steel cartel; in England, for example, there is only one such plant.

A policy designed to combat restrictions on international trade of course would be in conformity with our domestic policy. It would be the antithesis of many proposals recently advanced in behalf of arrangements to permit our industries "to cooperate" or "to be coordinated" with cartelized industries abroad. We in the United States are willing to place our trust in the promotion of free competition in domestic trade. We can serve the world well by trying to advance similar progress-yielding policies in the field of international trade.

Just as the food purchase agreements proposed above would eliminate restrictions upon European importation of agricultural foods from the efficient sur-

plus-producing countries, in a similar way an antirestriction policy for world trade could remove trade restrictions in the case of many industrial products. These restrictive arrangements are fully a parallel to the costly restrictive devices that have been shown to prevail in western European countries with respect to agricultural food products.

A Realistic International Program

In the preceding section five economic policies have been proposed for inclusion in the peace settlement which will be made at the end of the war. With the exception, of course, of the policy needed to maintain vigor in the domestic economy, each of these policies is specific about the action needed to implement it in the international economy. But whether these policies are or are not the most appropriate policies for postwar world progress, the United States must without delay commit itself to the task of determining the postwar international policies that are desirable for its own interests and those of the world in which it trades.

International Collaboration. It will be observed that emphasis is placed on the desirability of policies; that emphasis is not placed, or at most is placed only secondarily, on international collaboration *per se*. If international collaboration, as a recommendation for the United States, does not clearly reveal the desirable policies for the United States which such collaboration is proposed to advance, then it can be expected neither to find nor to enjoy majority support for long.

The decision to wage war is an expression of adopted policy, though the decision to embark on such a course may have to be made without delay. The decision to play a vigorous part in de-

termining the form the peace settlement shall take is also a policy—a policy that can be hastened if there is clear understanding that participating in such settlements can advance the interests of the people of the United States. Collaboration, in contrast, is not a policy but only the means by which we propose to achieve the policy objectives we have determined for ourselves.

Majority Support. The recommendations of policy which have been made above indicate the way in which certain international policies will work to the national interests of the United States, because they mean advance for our agriculture, securing export markets for our industries, and so forth. A final problem remains: how in the United States can majority support for an international program be secured? Public opinion in this country on international questions is still almost as fluid as it has been ever since the outbreak of war. In the process of compromise—which is the very essence of democracy and antithesis of dictatorship—one by one a majority of the individual groups which collectively make up our country must expect to find some balance of positive advantage for its interests in the policies proposed for the postwar period.

What are the advantages to be gained from the kind of policies proposed in this article? (1) A domestic economic policy designed to maintain a high level of national income in the United States can contribute immeasurably to the advancement of the world's international economy; it is the *sine qua non* in any international program. (2) Not only could raw-material purchase agreements assure certain and reasonably priced raw material supplies to the long-run advantage of the United States; they could also contribute to the stabilization

of the economies of countries producing them and thus to the advantage of our own export industries. (3) Food purchase agreements could provide for American farmers a most substantial stake in international trade. (4) A policy of assisting in the industrialization of newer countries in certain lines that promise advantage to them can promote the export-trading interests of the United States in many other lines that have long shown economic advantage for us. Finally, (5) an antirestriction policy for the entire world's international trade could promote entry of the products of our own industries into world markets and provide the world with cheaper industrial products.

A proposal, in the peace settlement, to implement each of these economic policies would win many adherents to such an international program. But there no doubt are additional policies that advantageously can be suggested for inclusion. Each of the groups whose advantage thereby is properly served can then be counted upon to align itself with the international program, and the program will be built up in this way, brick by brick.

Such additional groups might, for example, include those interested in aviation, who would find satisfaction in an international air policy insuring free and unrestricted use of airports everywhere for innocent international passage.

Another group, made up of those who place major emphasis upon the United States' continuing to be the seat of great economic power, might find their objectives properly and effectively advanced by an international program which would include specific arrangements to assure to the United States future supplies of oil, rubber, lead, zinc, manganese ore, and the like. Such a group, if it does not develop a preference for

policies promoting economic self-sufficiency, will wish that the alternative of overseas supplies carry the assurance of adequate protection. Members of this group will hardly be satisfied with most of the general and untried international policing arrangements, about which doubt has been expressed even in governmental quarters. Those who sell to us most frequently will have similar convictions or aspirations.

Other groups recognize that if we have some economic roots of support necessarily penetrating into foreign lands (and this is quite inescapable if we are to continue strong in a world that is rapidly learning modern industrial techniques), we will build up a degree of friendly interest or complementarity that should be promoted as widely as may naturally result from such economic integration. To subject our rela-

tions with such areas, which individually in the past have wished to promote close relationships, to the encumbrance of a set of international organizations and institutions seems to these groups to be a source of unnecessary risk. With much force they advance as proof of their contention the position we have had in most of our own hemisphere.

The point that majority support must be secured by offering the advantages to as many groups as possible and alienating from the program as few groups as possible cannot be too strongly emphasized. The past discussion of an international program for the United States has consisted too preponderantly of the mere institutional arrangements for advancing our interests. There has been too little emphasis on the question of what the interests are that the United States wishes to advance.