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A Plea for East-West Trade

It is not the people of the world that threaten to split it along ideological lines but some agressive minorities. It is not "the" USSR and its Allies that have planned the invasion of Czechoslovakia. Once again it was the small group of men who would rather see the world divided into solid blocs and a return to the "cold war" than openly confess the failure of their world revolution. Nor is it "the" Germans, Swiss, French, English or Italians whose reaction to the events of the 21st of August has been to clamour not only for the abandonment of all political contacts with the "obedient" members of the Eastern bloc, but also for the cessation of all trade relations with them.

The politicians of the Federal Republic have so far reacted in a sober manner. They are going to continue steadfastly their policy of "détente" in spite of all obstacles they may find on their way. This goes for politics as well as for the economic field. Their "reactions" are limited to a few diplomatic gestures: The Secretary of State in the Federal Ministry for Economic Affairs, Herr Arndt, cancelled his visit to the Leipzig Fair, and the planned discussion between the Minister for Economic Affairs, Herr Schiller, and the East German Minister for Foreign Trade, Herr Soelle, has been postponed for an indefinite period. But the contacts have not been severed. Private business, by participating in the fairs at Leipzig and Brno, has clearly demonstrated that it has hardly the intention to restrict trade with the Eastern bloc.

And yet, as things are at present, the consequences of even a considerable reduction in the volume of trade with the East would be anything but serious for the Federal Republic of Germany. True, the Federal Republic's trade exchanges have increased at a considerable rate, but even now they represent no more than a modest share in West Germany's total trade, amounting to not even 5 per cent (inter-zonal exchanges excluded). Apart from the segregation effects of COMECON this is due primarily to the small range of goods the East-bloc states are able to offer, to the Common Market regulations for agricultural products, and not least to the fact that no links exist between the monetary systems of East and West.

These are obstacles that cannot be removed overnight. Moreover, as long as bilateral trade agreements restrict exchanges to a minimum, there is little hope for German industry to increase its exports to the countries of the Eastern bloc whose markets are moving towards mass consumption. For as long as the states of the Eastern bloc must pay for their imports with the proceeds from their own inadequate exports or out of their extremely scarce stock of foreign exchanges, they will have to restrict their purchases to the absolute minimum. They are practically excluded from the advantages of the international division of labour.

If all attempts at facilitating trade with the Eastern bloc were to be abandoned, these advantages would never be shown to exist. It would weld together even more firmly the rigid system of the Eastern satellite states at a time, when in almost all of them there are indications that the process of liberalisation can no longer be halted. It would be advisable therefore to take advantage of the chances that trade offers. Not only in spite of the occupation of Czechoslovakia but precisely because of it the watchword must be liberalisation and not restriction. There are a whole multitude of measures that can achieve this. To eliminate the still existing obstacles to trade the politicians of the Federal Republic of Germany should try to bring about the still pending complete liberalisation of imports from the East. Beyond this, an inquiry should be made as to whether it would be possible to raise the present government credit and financing ceilings for deliveries to individual Eastern countries. In this context the proposed European Chamber of Commerce—proposed by the Russians themselves—could make an important contribution to an expansion of trade and do much to facilitate business contacts and actual business transactions. So far this proposal for a European Chamber of Commerce, which the Russians submitted to the United Nations' Economic Commission for Europe earlier this year, has not been discussed any further. Now would be the time to do so.

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