

A Common-wealth of Free People

AN END TO TRADE WARS

A trade war would be the suicide of the free world. This danger can be *ended* if the appeal of protectionism to nationalist sentiment is broken and the wealth of the allied industrial democracies is seen as the common wealth and partimony of free people. For this, the growing reality of common wealth must be made visible through stronger common institutions and by letting the peoples elect a common congress to resolve common problems together.

Trade wars threaten the free world with self-destruction.

After two years of sliding toward trade conflicts, the U.S., under heavy protectionist pressure, has fallen into a posture of trade brinkmanship. This is a game of Russian roulette.

Secretary of State Shultz has warned that protectionism could wreck America's alliances. Its red, white and blue wrapping is fake, but tragically effective in a world where political life and political passions are focused around the national state and foreigners are easy scapegoats for national problems.

In trade wars, democracies shoot their friends. Action breeds reaction in a vicious circle. All countries lose.

Costs of Trade Wars

Already U.S. protectionism is costing U.S. consumers \$60 billion a year; each American is in effect assessed a \$300 private tax to prop up protectionist special interests. A full-scale trade war would cost closer to \$600 billion a year. It would devastate the world economy and tear apart the free world ties that have enabled Germany and Japan to stabilize as democracies. It could yet send the West into a third and final world war. Already Japan is treated in public rhetoric as an enemy—and far more unrestrainedly than the Soviet Union. Europe, too, is pictured as a hostile competitor, sucking away American jobs—even though it has far higher unemployment than the U.S.

Yet Europe and Japan are no foes to America. Quite the opposite: Their growth is the growth of the free world. They are America's best trade and investment partners. Their new technologies and products are new items for the Ameri-

can economy as well. Their solvency and foreign aid reduce America's burdens and loneliness in an otherwise impoverished and unstable world. Their wealth is part of the common patrimony of free people. They are partners in building this common wealth, not competitors in a zero-sum game.

We are all in the same boat with our democratic allies; our destiny in the world is inextricably intertwined with theirs. The balance of their relations with us is overwhelmingly cooperative, not adversary. The classical argument for free trade—that we should exchange freely on a basis of mutual advantage, and not be afraid of helping our partners along with ourselves—may be questioned among adversaries, who press part of their wealth into military opposition to one another, but it clearly applies in relations with our allies.

However, to make the case for free trade *feel* compelling to the public, there is a need for tangible evidence that the mutual support of the democracies will henceforth cover the full range of common interests, and will be reliable and permanent.

Stronger common economic institutions are needed to make visible the common economic destiny and all its opportunities. Stronger common diplomatic, security and political institutions are also needed, to broaden and deepen unity.

From Trade Wars to Trade Peace

The European Community has given a modern example of how trade wars can be supplanted by trade peace. The federal union established by the U.S. Constitution two hundred years ago gave an even more striking example, one which has inspired federations all around the world and the European Community itself.

Building comparable institutions on the trans-Atlantic and trans-Pacific level is the critical task facing supporters of the free world economy. This is the only way to *end* the danger of trade wars. And the danger has to be ended, not merely managed; luck cannot always hold, and crisis cannot always be headed off at the pass. In the meantime, it is by working toward this goal and thinking of our allies as partners in a still-incomplete commonwealth that we have the best chance of heading off protectionism.

Already the chief executives of most democracies are aware that we are all in the same boat and must sink or swim together. But, as has been seen with both Mr. Reagan and Mr. Nakasone, chief executives can be tragically weak in decisive periods. The legislatures and media remain breeding grounds for demagogic attacks on allies.

At present it makes for dramatic journalism to picture a clash and a struggle for supremacy between the economies of the democracies. This appeals to nationalist passions. The benevolent logic of trade for mutual benefit makes for duller if truer copy.

The peoples of the industrial democracies will see their unity in its full depth only when they are joined in a common constituency to elect a common congress and manage the common business of the democracies democratically. Then competing firms will no longer be able to appeal to nationalist passions to gain monopolistic protection; their competition will be recognized as part of the process of mutual growth, just as the competition of domestic firms is already recognized. The images of conflicting wealth will be supplanted by the reality of common wealth.