More Trade or More Taxes?

Nineteen sixty-eight was an excellent year in the annals of trade between the United States and the Soviet Union. Although the amount of goods exchanged by both countries was comparatively modest in size, and the dollar value was not great as compared to that of other nations, there was a fairly even balance at year's end. Imports totaled $58.5 million, and exports $57.7 million – which means that the USA was paid for what it sold to the USSR.

However, since that time American exports to the Soviet Union have increased impressively, while imports have declined quite as noticeably. According to U.S. Department of Commerce figures, in 1972 exports totaled $542.2 million, and imports only $95.6 million. In 1973 exports similarly far exceeded imports, and it is projected that in 1974 the USA will export goods worth $1000 million to the Soviet Union and import goods worth $410 million.

Is this free trade, or does it constitute free gifts of American labor and capital? Contrary to popular belief, an excess of exports over imports is not a "favorable" balance of trade. Obviously, it is not advantageous to give more than one gets in return. While U.S. sellers to the Soviets are understandably enthusiastic, it appears that the U.S. taxpayer will have to pay for the exports, since they are based upon government-granted credits proposed.

By its very nature, trade is necessarily a two-way transaction, a *quid pro quo*. If one of the parties concerned fails to perform his side of the bargain, the other inevitably must suffer. Exporting on credit more goods than are imported results not in More Trade, but in More Taxes. George's *Protection or Free Trade* should be required reading for everyone involved in international marketing and exchange.

—Lancaster M. Greene