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LA GRANDE, OREGON.

How German Business Is Preparing

(Continued from Friday's Observer.)
BY EDWARD LYELL FOX.
(In System)

This is bringing us to the last step in Germany's plans for regaining her world trade. Certainly world trade is the paramount issue when the imperial chiefs consider "the good of Germany." Here the Rathenau organization confers with a committee that has just been organized. That committee is the Friedensberg-ang-commission—literally, "going over to peace commission." This committee has been vested by the imperial government with power to draw up plans for the reconstruction period after the war. It is headed by Herr Stahmer, who, in the spring of 1916, put through two commercial treaties with Roumania, obtaining sorely needed tons of wheat and oil, in the face of enormous opposition from the Entente diplomats in Bucharest. In other words, Stahmer is a tenacious, clever man, a power to be considered when American business men—uninformed as a rule about German's export plans—are confident of easily holding the new markets that war has thrown into our laps.

Associated with Stahmer are the captains of German industry and the big men of the German banking world. These are the brains that are grappling with the problem of floating Germany's low-priced favored goods, of regaining that five billion dollars' worth of lost trade. And the core of their plans is this:
When peace comes Germany must export cargoes of goods that, generally speaking, far exceed in value the kind of goods she must import. Therefore, the more valuable the commodities, the more desirable will it be to Germany to encourage their exportation.

In other words, a cargo of chemicals and dyestuffs is worth far more than a cargo of copper or cotton. To this end German industry manufacturing such articles—usually articles for the manufacture of which Germany has a super-abundance of raw materials—has first call on all supplies allotted by the Rathenau organization after the wants of the army and navy have been considered. That means that the chemical, dyestuff, hardware, cutlery, and "knickknack" industries of Germany are manufacturing today articles that will be thrown on the world as soon as peace comes—for these are among the principal lines for the manufacture of which Germany has a super-abundance of raw materials.

Let us consider dyestuffs and chemicals first. This brings Stahmer, the reconstructive chief, into conference with the heads of Germany's chemical industry and with Gwinner, the banker, and with Helfferich, secretary of the imperial treasury—the men whose brains conceived the system and the plans by which Germany is now financing herself. Stahmer is interested in the efficient reestablishment of world trade. The chemical industry wants a big export volume. So does the imperial plan.

The Germans figure that the world must have their chemicals and dyes because so far they are cheaper and better. They believe that the new chemical and dye industry in America will not be able to manufacture nearly so cheaply nor nearly so well. They base this opinion on the enormous prices existing today for German products in the chemical and dye markets of the world. They recall that Denmark has refused to sell any goods to Germany and take gold in payment—she insists upon having German chemicals and dyes. In other words, these countries today are bartering.

Now the Germans reason that they will have to import copper, nickel, cotton, wool, oil, meats and foodstuffs, vegetable and animal fats, and Amer-

ican machinery. On any other commodity it is almost a certainty that the Stahmer committee will recommend prohibitive import duties—especially on the manufactured articles. In other words, with the exception of machinery, Germany is going to endeavor to concentrate on importing only bulky and cheap raw material as soon as peace comes. The discrepancy in price between such commodities and finished products, like chemicals and dyes, is enormous. Those in charge of Germany's trade plans expect that the value of every ship load of raw material that they import (aside from that which is consumed internally) will be greatly enhanced by being worked up into finished commodities, and exported. In other words, when worked up, this raw material will be sold for more than was paid for it.

The Kind of Goods Germany Will Have to Sell Abroad.

It is further hoped that the raw materials imported from abroad that will be consumed internally—meats and leather, for example—and other payments to foreign countries for purposes other than imports, will be more than offset by those commodities which Germany will produce for export, and by the payments which must be made to German citizens for other purposes—interest and returns upon German capital invested in foreign securities, for example. The realization of these hopes will give to Germany a favorable trade balance. In other words, there will probably be two chief motives dominating the government in its desire to encourage exports and to capture the foreign markets.

The first has been actively in operation in recent years, even before the war. This is the realization that it is only by finding foreign markets and outlets for its manufactured commodities that a thickly populated manufacturing country like Germany can maintain her large working population in prosperity. The second probable motive will be a new one—the desire to secure a favorable fiscal balance in order to support her increased paper money by increased gold holdings.

It seems probable that the government will heartily welcome a flow of gold into the country, which would result from a favorable fiscal balance, as this should strengthen her position with regard to her new paper issues, which are as yet inconvertible and upon which there is already apparently considerable depreciation.

Even before the war the German government had adopted a policy of lending aid to German exporters. It seems probable that this policy will be carried still further with the coming of peace, and that, therefore, German manufacturers will wage an especially keen and vigorous struggle for the possession of foreign markets. The Germans base their plans upon the laws of supply and demand—that the world must have in certain lines the kinds of goods that apparently only Germany can manufacture well and cheaply.

So much for the corner-stone of their plans. Among the commodities they are manufacturing for the export drive are certain chemicals—potassium, for example—and hardware, cutlery, and "knickknacks," as already pointed out. These may be put on the world at amazingly low prices—at prices which despite tariff walls may enable German agents to undersell their competitors. Now such a proposition is possible only in a country like Germany, where everything bows before the general good of the state.

Submitting to the unbending, unwritten law of "All for Germany," the big concern in Germany importing nitrates will probably have to close up. During the war it was impossible for the Germans to obtain nitrate from Chile.

They had to have nitrates for explosives. They perfected the process of extracting nitrogen from the air.

They did it with great foresight. They built five factories near the Saxonian and Rhineland coal fields with private and government capital. They made the process cheap enough to be profitable to run these factories after the war. Nitrogen is taken from the air by electricity.

All the Germans need is machinery and coal. They have plenty of coal in their own country. The factories were not built on such a big scale merely for war use, only to be shut up when peace again opened the Chilean nitrate market to Germany. Contrary to general opinion, this process is not so expensive that it cannot be continued profitably when peace comes. Indeed, the Germans declare they will henceforth export instead of import nitrates.

Tirelessly have the German scientists worked. They have extracted from coal a new oil akin to petroleum. They have extracted oils from seeds and nuts. They have found in Syria a plant that yields oil. They have used the by-products of coal to make benzol with which to run automobiles. They have substituted wood and vegetable fibre for cotton, wool and leather. Some of these substitutes, like those for cotton and wool, will be useless when peace comes. Others, on the contrary—such as nitrates, and those oil substitutes secured from vegetable sources—will not be useless.

Germany has not irretrievably eaten her way into her resources. She has not by any means put such a pressure on her mines that they will be over-weakened when peace comes.

We must consider that the plans of the German army for the invasion of France and Belgium were drawn up not only by military men, but that the heads of German industry had a finger in the pie. In other words, at the outbreak of the war, when the army of the Crown Prince invaded France it struck for one point—Longwy, with its blast furnaces and forest of smoke-stacks. Longwy from a distance looks like a second Pittsburgh.

How Germany Is Getting Some of Her Raw Materials.

Behind the German front in France and Belgium are rich mines. These mines are today in full operation, and

their output is being used in German plants while Germany's own mines are spared. When the Germans captured Serbia they captured a mine yielding an extraordinary high grade of copper—this mine is being drained dry.

When the Germans captured Roumania they captured a rich oil country. Can anyone dream that Germany will take from these oil wells only the oil she needs? Rather she will probably operate them on a scale that takes no heed for the future of the wells, but which will help her store up in Germany tons and tons of petroleum.

In considering the German economic strength we must remember that it is not only an army that destroys in an invaded country, but that after the army come the scientists and the business men. These men of commerce, protected by their troops, often seek to drain a captured country's natural resources dry and turn the flood of wealth back home.

It is said that this is what the Germans are doing everywhere.

Few are the factories in captured France, Belgium and Poland that have not been stripped of their machinery—and this machinery has been put into German factories. It will take from one to two years after peace is declared for France, Belgium and Poland to renovate their gutted factories—in other words, to put them in condition to produce goods, to compete with goods some of which Germany is already producing!

Likewise the German forests have been spared. Resin has been stripped from the captured pine forests of the Czar. And if there is any wood cutting to be done, the German wood resources are not used, but axes ring in the forests on captured soil.

Only too true is it that Germany has increased her mercantile marine during the war, while her submarine campaign has cut into the shipping of the Entente. She has by her amazing cooperation between government and industry, by her contradiction of socialism—monarchical socialism—been able to manufacture cheaply. She is probably ready to erect a big import wall against all commodities except the raw materials she needs. Germany is confident of quickly establishing a favorable balance, and of regaining her five billion dollars of world trade. Germany is today mobilizing as shrewdly and as painstakingly for peace as she did for war.

*It will, of course, be understood that when Mr. Fox refers in this article to "monarchical socialism," "state socialism," "socialistic state"

or "imperial socialism," he has in mind socialism in the sense of an unfunctions of government to the assist- usually thorough extension of the ance of private business.

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ATTENTION

The annual observance of Easter by Eastern Oregon Commandry No. 6, will be held Sunday, April 8th, 1917. All Sir Knights are requested to meet at their asylum at 10 o'clock a. m. and march to First Presbyterian Church, where services will be held at 11 o'clock a. m.

At 1 o'clock p. m. all Sir Knights and their ladies are invited to assemble at the Masonic Hall for dinner.

Visiting Sir Knights sojourning in the city are especially invited to participate in the exercises of the day.

C. M. HUMPHREYS,
E. C.