

OUR FOREIGN TRADE POLICIES

Acting, however, upon a deliberately adopted national policy we tried to buy as little as possible from the foreigner. But we were keen to sell him our goods. So in order to sell him, we proceeded to lend him the money wherewith to pay us. From 1922 to 1929 American investors and institutions lent abroad approximately six billion dollars net. American banks and bankers have been sweepingly criticised for arranging such loans. In certain cases criticism as to lack of care in investigation and method has undoubtedly been justified. But the general movement was a natural one, forced on the investment community by reason of our national policy of buying abroad as little as we can, and of attempting to force on the foreigners all the goods we can possibly sell them.

Thus during those years from 1923 to 1929 the American community proceeded to complete what seemed like the charmed circle, and then began to make it whirl. The formula was a simple one: The more money we lend to the foreigners, the more of our goods they will buy. The more they buy, the more we shall manufacture. The greater the demand becomes, the more we expand our factories and equipment. The more we manufacture, the higher prices go. The higher prices go, the higher wages rise. The higher wages are, the greater becomes the public's purchasing power. Everybody has a job. Millions of dollars paid in salaries and wages are put to new-found uses; quicker ways of transportation; delightful means of communication; all sorts of alluring devices; most of them tending to increase the material satisfactions of life, but