

# Inter-War Czechoslovak-American Trade Relations on Example of Automobile Import from the USA



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After World War I, the United States of America — within isolationism and recurrent promotion of the Monroe doctrine — withdrew from the international development in Europe, which did not mean that the country avoided trade with the old continent. World War I significantly changed the position of the United States of America. In a relatively short time, the debtor became a leader, the world economic power with increasing industry and a sufficient amount of free capital.<sup>1</sup> This is proved by the fact that the export of American goods to European countries was six-times higher than in 1919–1920.

At the same time, the relations of the USA with particular European countries in the inter-war period were, to a certain extent, influenced by unrepaid war debts. It was not different in the case of the Czechoslovak Republic, which owed 91.8 million dollars to the USA. Comparing this sum with other countries, it was not so high,<sup>2</sup> but this sum was continually rising and in 1922 Washington kept a debt record of 102.3 million dollars in relation to Prague.<sup>3</sup> In 1925, other interests made this debt reach a sum of 115 million dollars.<sup>4</sup> This debt had naturally a negative impact on the state budget of a new republic.

Despite this, establishing closer Czechoslovak-American trade relations<sup>5</sup> was prevented by the customs system of the Czechoslovak Republic, which had a strong pro-

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1 PETRUF, P., *Vztahy mezi ČSR a USA 1945 — 1948*, Kraków — Trnava 2012, pp. 15–16.

2 DEJMEK, J., *Československo, jeho sousedé a velmoci ve XX. století (1918 až 1992). Vybrané kapitoly z dějin československé zahraniční politiky*, Praha 2002, p. 302.

3 Foreign relations of the United States (FRUS). Diplomatic papers, 1922, Vol. I, *Washington*, D. C. 1938, p. 398.

4 On questions of debt and interests, viz MICHÁLEK, S., *Americké úvery a půjčky Československu, československý dlh voči USA. Prierezová sonda do dvojstranných hospodárskych vzťahov*, in: MICHÁLEK, S. at al., *Slovensko v labyrinte moderných dejín. Pocta historikovi Milanovi Zemkovi*, Bratislava 2014, pp. 684–699.

5 On questions of Czechoslovak-American political and trade relations in the inter-war period, viz POLIŠENSKÁ, M., *Diplomatické vzťahy Československa a USA 1918–1968. 1. díl: Diplomatické vzťahy Československa a USA 1918–1938, 2. svazek: Priority, diplomatická praxe a politický kontext*, Praha 2014.



tectionist character since the customs tariffs were set higher than in neighbouring countries, for example, Hungary, Austria and Germany.<sup>6</sup> Czechoslovakia as well as other European countries persistently protected their own system of preferences, quotes and contingents, protecting home production. The United States belonged among the significant business partners of Czechoslovak Republic. In the case of the overall turnover, the United States occupied the third place after Germany and Austria, but in the case of the amount of import, they were in second place. Raw materials such as wool, cotton, natural rubber, leather, tobacco, machinery and automobiles were imported from the USA while jewellery and glass from Jablonec nad Nisou, china, pottery, ready-made clothes, products made of wool, paper or furniture were exported to the USA. In the 2<sup>nd</sup> half of the 20<sup>th</sup> century, the company of Baťa significantly entered the American market offering cheaper footwear, which became a dominant part of the Czechoslovak export to the USA.<sup>7</sup>

The customs system of the Czechoslovak Republic was gradually liberalised, however, it was not in force for the business relations with the USA, where protectionism was manifested mainly against the efforts of American businessmen who tried to increase the export of automobiles and agricultural machines (tractors) to Czechoslovakia. This led the American diplomats to express sharp criticism and struggle for greater liberalisation of goods imported to Czechoslovakia. It is necessary to mention here that similar procedures which the Prague government tried to introduce such as high customs barrier, protection of home market and export support had been carried out in the United States since World War I.<sup>8</sup>

All the states that had concluded business contracts with the Czechoslovak Republic (signed with the USA after long negotiations in 7<sup>th</sup> March 1938) had to draw up an extensive list of goods in which the amount of customs and the amount of imported goods had been calculated. The import of automobiles seemed to be a more problematic commodity, for example, France could export 400 cars with the customs of 45% in 1923, however, the quota of U.S. export to Czechoslovakia was only 180 cars. Therefore, the American side tried to increase this limit arguing that France as well as the USA had not concluded the most-favoured-nation clause. This clause had been concluded only with Great Britain, Germany, Italy, Spain and Switzerland so far. Despite this fact the Czechoslovak side did not see a big problem with a potential increase of quotas for the USA, because the United States had not managed to use up the then-stated limit for importing 180 automobiles.

The fact is that the quota for importing American automobiles was annually increased. This situation resulted from the fact that the 1920s and the 1930s were

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6 PRŮCHA, V. et al. *Hospodářské a sociální dějiny Československa 1918–1992. 1. Díl, období 1918 – 1945*, Brno 2004, p. 115.

7 LACINA, V. *Zahraniční obchod v letech první Československé republiky*, in: *Český časopis historický*, Vol. 95, 1997, No. 1, pp. 110–139.

8 TAJOVSKÝ, L. — KOŠŤÁKOVÁ, T., *Americká ekonomika na prahu Velké hospodářské krize. Hospodářská politika 20. let*, in: STELLNER, František (ed.), *Půl století hospodářských dějin. Sborník k 75. narozeninám prof. Ing. Václava Průchy, CSc. Acta Oeconomica Pragensia*, 15, 2007, No. 7. Praha 2007, p. 440.

characterised by a significant increase of automobilism, which was a consequence of road improvement and a new effective assembly-line production in Ford factories in Detroit. This step became an important milestone in introducing assembly-line production, which made production cheaper and more standardised. The production of automobiles massively expanded and the same principle transferred to Europe where France as well as Czechoslovakia belonged to the outstanding producers of automobiles. However, the world power in the production was the United States and automobiles were becoming more and more significant, even dominant export goods. The USA was interested in a greater expansion on the old continent where they faced the mentioned system of quotas and contingents.<sup>9</sup>

In the case of Czechoslovakia, these problems significantly occurred in 1928, which was directly related to the fact that on 8<sup>th</sup> November 1927 the convention on *Import and Export Prohibitions and Restrictions* was signed in Geneva. Czechoslovakia joined it. Shortly, the secretary of the Minister of Foreign Affairs of the USA, William Castle, instructed the American ambassador to Prague, Lewis Einstein, not to null the system of contingents as such with the Czechoslovak party but, to primarily focus on the increase of the contingent for importing American automobiles. According to Castle, the official amount of the import contingent for the USA was set at 530 automobiles,<sup>10</sup> which the American side considered absolutely insufficient due to their possibilities and capacities of the American automobile industry. In the instructions, Castle was explaining that the United States was provided with the limit for importing automobiles as other countries, but if there had not been quotas, the United States would have been a dominant importer of automobiles for the Czechoslovak market. According to Castle, it would not have been a problem for American exporters if Czechoslovakia had established higher import customs with a higher contingent because the USA being the biggest importer burdened by the highest payments would strengthen its position on the market.

Castle also informed Einstein that the U.S. government had instructed the ambassador in Poland to find out whether the automobiles assembled from American pieces in Denmark and consequently imported to Poland with a Danish certificate of origin are categorised as Danish or American contingents. The ambassador found out that more than 50% of automobiles assembled in such a way by the *General Motors Company*, was calculated as the Danish quota rather than American. Castle stated that parts of automobiles of another American made (*Ford Motors Company*) were assembled in the Italian port of Trieste, where only small final assembly work had been done. For this reason, these automobiles being imported to Czechoslovakia were categorised as goods from Italy, but formally they were incorporated into the American import contingent. It was not an insignificant amount — in 1926 the number of automobiles and lorries/trucks from the USA and Trieste which were predominantly of American origin reached approximately 2.300, which counted roughly 50% of import of automobiles, imported to Czechoslovakia.<sup>11</sup>

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9 POLIŠENSKÁ, M., op. cit., pp. 131–132.

10 FRUS, 1928. Vol. II. Washington, D. C. 1943, p. 701.

11 Ibid., pp. 692–696.



In the reply from 11<sup>th</sup> February to Secretary Castle, Ambassador Einstein confirmed that similar arguments had been used in the previous negotiations with the Czechoslovak government by himself. However, he pointed out that the Prague ministry of trade was profoundly influenced by lobby groups, the representatives of home (i.e. Czechoslovak) car manufacturers who had a significant interest in decreasing the number of import quotas. Therefore, the ambassador continued to emphasise that it was necessary to devote a great deal of effort to assert the interests and requests of the United States and at the same time he did not refuse the idea of taking retaliatory measures by the U.S. party against Czechoslovakia. According to Einstein's words, the French, who were a close ally to the Czechoslovak Republic, had had similar problems. Reputedly, they were not able to gain any import or tariff concession without an 'offer corresponding with reward or threat of punishment'. In the case of automobiles, Paris had requested from Prague to null the quotas concerning the import of French cars, but Prague was only willing to offer customs decrease.<sup>12</sup> This proposal did not evoke a strong response, like the USA, France as an outstanding automobile producer had an interest prevailingly in increasing market share on the Czechoslovak market, not primarily in decreasing customs such as.

Despite the mentioned facts, in March Ambassador Einstein could send a pleasing message to Washington as during the negotiation with the Minister of Trade of the Czechoslovak Republic, František Peroutka, Einstein was ensured about the increase of import contingent of further 500 American automobiles. Einstein expressed gratitude to the minister for this step, and marked it as a 'promising start' and did not forget to point out that the total amount of the automobile import contingent was far from the conception of the United States. The minister replied to the ambassador that their effort to increase quotas had not been simple and had been frowned upon 'the strongest opposition from the side of home producers'. However, in the end of their discussion, the minister indicated Einstein that later he would be able to increase the American contingent.<sup>13</sup>

The promised increase of the contingent did not occur, so the American automobile groups, represented by the *Automobile Chamber of Commerce*, began to be more and more restless. This is proved by the telegram of the minister of foreign affairs of the USA, Frank B. Kellogg, from 23<sup>rd</sup> March, addressed to the *chargé d'affaires* in Czechoslovakia, Gittings,<sup>14</sup> in which he instructed him to warn the minister of trade, Peroutka, about the situation if any problems concerning licences occurred, 'undoubtedly a very unfavourable response would happen'. Gittings was to inform about the reply of the Czechoslovak government concerning that particular issue in detail. Apart from this, the next day Gittings received another instruction, this time from the sitting minister of foreign affairs, Leland Olds, in the sense of which he was to translate the Prague government the disappointment of American producers with the amount of an additional licence, (which accounts for 63 cars monthly), as this

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12 Ibid., pp. 696–697.

13 Ibid., pp. 697–698.

14 Gittings officially deputised envoy Einstein from mid-March to the end of April 1928.

measure had been inflexible and did not enable to react on the seasonal fluctuation in demand.<sup>15</sup>

The American pressure resulted in a final effect when minister Peroutka promised the increase of the contingent over 800 automobiles in such a way that in March the given limit was 84 automobiles and in April 140 cars, with the additional seasonal corrections (the approaching spring encouraged the demand for automobiles). Gittings warned minister Kellogg that minister Peroutka had approved a maximum possible increase. Peroutka was then in a politically unstable situation and being expelled would mean that a new minister of trade would not be so 'responsive to American interests as Peroutka had been'. Deputised Minister of Foreign Affairs Olds replied to Gittings that the USA would get the total limit of 1,600 automobiles for the following year and asked him to confirm this information with Minister Peroutka.<sup>16</sup>

In his telegram from 2<sup>nd</sup> April, Gittings in detail informed the minister of foreign affairs, Kellogg, about the development of contingent increase in the last years. From 5<sup>th</sup> November 1925 to 5<sup>th</sup> November 1926, the United States achieved an import limit of 1,480 automobiles. In the following period — from 5<sup>th</sup> November 1926 to 5<sup>th</sup> November 1927 — the decrease of limit reached 1,254 automobiles. In the then-current year (i.e. 5<sup>th</sup> November 1927 — 5<sup>th</sup> November 1928), 1,300 preliminary licences for automobile import had been granted. It is necessary to emphasise that the basic quota of 800 automobiles in the whole presented year, i.e. each year a vigorous additional increase of contingent occurred. The American party managed to spend the total basic quota in five months (November 1927 — March 1928) when they had imported to Czechoslovakia 744 automobiles of their own production. The pressure on contingent increase resulted from the fact that there were approximately 40 importers of American automobiles in business. Minister Peroutka approved for Gittings the total number of granted licences from the previous year, granted in other countries where the USA had a dominant position.<sup>17</sup>

The number of issued licences for automobile import to Czechoslovakia in the period 5<sup>th</sup> November 1926 – 5<sup>th</sup> November 1927:

Country	Number
France	507
Italy	692
Germany	303
Austria	340
USA	1.254

These data prompted Kellogg to address the chairman of the *United States Tariff Commission*, Thomas Marvin, with a request of issuing a statement on the contingent sys-

<sup>15</sup> FRUS 1928, pp. 698–699.

<sup>16</sup> Gittings' considerations were proved quite early, when on 28<sup>th</sup> April 1928 a new minister of trade, Ladislav Novák was appointed. POLIŠENSKÁ, M., op. cit., p. 149.

<sup>17</sup> FRUS 1928, pp. 701–702.



tem, implied by the Czechoslovak side for import of American automobiles, which might be considered discriminatory. The minister supported his opinion from information according to which the basic contingent totalling 800 automobiles had been contracted in the business contracts between the Czechoslovak Republic and for example, France or Italy, which did not manage to meet their quota. On the other hand, the USA significantly exceeded their limit annually and as stated by the minister, the basic contingent (valid from 5<sup>th</sup> November 1927) was completed by American exporters practically after three months (15<sup>th</sup> February 1928). In his letter, Kellogg mentioned that an interest in American automobiles was such big on the Czechoslovak market that according to the trade attaché in Prague, it would be necessary to achieve 2,500 licences on 5<sup>th</sup> November 1928, i.e. twice as much the then-current limit (1,300).<sup>18</sup>

In the relatively extensive reply to the chairman of the *United States Tariff Commission*, Marvin, the contingent system was pronounced to have a real negative impact mainly on the USA, as it did not limit other countries (France, Italy etc.), which in fact managed to sell fewer automobiles than stated in the quota. Contrarily, the United States was provably able to import to the Czechoslovak market a significantly higher number of automobiles than the imposed limit. According to Marvin, it was an apparent intervention to equal conditions of economic competition, although he stated in the report that Czechoslovakia had an indisputable right to limit import that competed with their home production. The United States could hardly protest against it as this limitation was carried out by import customs as well as a less common method of limiting the number of imported automobiles. The chairman admitted that the Czechoslovak government had enabled the United States to import significantly more automobiles than those produced in other competitors, which, on the other hand, did not change the situation that the American importers had been in a permanent disadvantage, resulted from limiting their automobiles.<sup>19</sup>

Meanwhile in Prague, after the abdication of Peroutka a newly authorised minister of trade Ladislav Novák promptly stopped the approved increased quota of 500 automobiles. 200 American automobiles got stuck in the customs office in Prague and had to wait for permits. Ambassador Einstein, who retook office, negotiated this situation with a new minister, who confirmed the monthly import limit for May as well as for June, due to which approximately 200 automobiles had been released. The ambassador requested for the increase of the contingent, however, without success as Czechoslovak-French negotiations about the conclusion of the business contract concerning the import of French cars were held. According to Einstein, the French were not very successful in that particular point as they did not manage to decrease import customs or increase the contingent from 800 to 1,000 cars. Like American ambassador Einstein in February, the French ambassador to Czechoslovakia François Charles-Roux was allegedly convinced that the Prague ministry of trade had been in thrall of home car producers. Concluding the letter addressed to minister Kellogg, Einstein complained that American automobiles in Czechoslovakia had been burdened by a higher road tax based on higher cylinder capacity as well as limitations

<sup>18</sup> Ibid., pp. 702–704.

<sup>19</sup> Ibid., pp. 704–707; POLIŠENSKÁ, M., op. cit., pp. 150–151.



due to which foreign cars could not be used as taxis. Despite this fact, Einstein did not recommend pressure actions towards the Czech government. As he stated, dealers in Czechoslovakia had been able to sell American automobiles treble the normal price than in the United States.<sup>20</sup>

The import of American automobiles kept going. On 23<sup>rd</sup> July, the delegation from the USA visited their ambassador, Einstein, and requested cooperation in getting new licences for 500 automobiles and lorries stuck in the Prague customs offices. In the following weeks, 400 ordered and paid automobiles were expected to arrive in Czechoslovakia. The American ambassador, being aware of the fact that he cannot push the minister of trade again and expect an immediate response, instructed the delegation members to start emphasising the import issue in the media and try to get support from other companies in the United States. It is interesting that at the same time Einstein discussing with the Minister of Foreign Affairs of the Czechoslovak Republic, Edvard Beneš, claimed that he himself had tried to prevent local importers of American automobiles from setting off a media campaign. Finally, Einstein met with minister of trade Novák, from whom he had lobbied granting licences for 300 automobiles, which had been expected to be accounted from the contingent in the following year. In the end, the ambassador asked Beneš to promote stipulating such quota, which would correspond to the ratio between home production and import. Beneš cautiously promised it, adding that the Cabinet had been under a great pressure of local producers.<sup>21</sup>

Despite this fact, on 6<sup>th</sup> August 1928 the Czechoslovak ministry of foreign affairs addressed the Embassy in Washington to find out the possible reaction of the American party to a potential refusal of the request referring to contingent increase of automobile import. In the telegram, the ministry emphasised that it was called for by the American Embassy with an extraordinary force and that the trade attaché threatened by retaliation.<sup>22</sup> Two days later, the *chargé d'affaires* in Washington, Jaroslav Lípa, in his reply to the ministry acknowledged that the American Embassy in Prague performed its pressure on the Automobile Chamber, which renewed this intervention due to the refusal of extending the contingent based on the application of the importers.<sup>23</sup> The lobbyists from the side of American producers accepted Ambassador Einstein's advice on media pressure as the Czechoslovak newspapers received from Washington the information that the USA had increased the customs on glass and textile as retaliation for un-authorization of the increase of the automobile contingent. On 16<sup>th</sup> August, the Minister of the Foreign Affairs addressed Ambassador Zdeněk Fierlinger to submit the report on the actual state of affairs and the resources of those pieces of news.<sup>24</sup>

The refusal of contingent increase from the Czechoslovak side had not been announced to the American side apparently. However, the fact is that the Prague government facilitated to unblock the imported automobiles from the customs offices

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20 FRUS 1928, pp. 707–708.

21 Ibid., pp. 709–710.

22 Archiv Ministerstva zahraničních věcí České republiky (AMZV ČR), Praha, f. Politické zprávy (PZ) Zastupitelského úřadu (ZU), Washington, 1928, No. 45.

23 Ibid., No. 46.

24 Ibid., No. 50.



and their distribution to the customers. These automobiles accounted for the quota of the following period, which naturally had a short-term effect and therefore it was obvious this contingent would be run out in this common pace in a short time.<sup>25</sup> On 4<sup>th</sup> October, the Minister of Foreign Affairs of the U.S.A, Kellogg, informed Gittings that the representatives of the ministry of trade therefore proposed the quota of 4,000 automobiles for the following year (the then-current basic limit was 800) when negotiating with the representatives of the Czechoslovak government. Gittings was expected to announce the reaction of the Czechoslovak side to Washington, being warned that during the negotiations he should not express agreement with any amount of contingent Prague would propose.<sup>26</sup>

On 12<sup>th</sup> October, i.e. shortly before the beginning of implication of the new contingent year (lasting from November to November) Gittings sent Beneš a telegram, in which, on behalf of the American government, he asked for the agreement of such an amount of the contingent for the USA that would reflect the real demand for American automobiles in Czechoslovakia. He was reasoning that while other countries had not managed to complete their stated automobile import, the United States highly exceeded basic quota due to which they had asked for hundreds of new licences. However, Gittings emphasised that the United States had not requested the total liberalisation of trade in the issue of automobile import despite the fact that due to the procedure of the Czechoslovak government towards other countries the United States could allegedly authorise it. According to Gittings, the American party asked only for a more liberal and just attitude to automobile import from the USA. Concluding his telegram, Gittings requested Beneš, he requested to take into consideration the presented arguments and at the same time to inform the American party about the amount of the contingent for the following period.<sup>27</sup>

The ministry of trade did not respond to the telegram at all. On 24<sup>th</sup> November, Gittings asked minister Kellogg for instructions concerning his following steps in that situation, which he considered bordering with impoliteness from the Czechoslovak Republic side. This uncertainty naturally made damage to producers and traders with automobiles because since 5<sup>th</sup> November approximately 100 licences were granted while hundreds of automobiles had been located in the customs offices. In his reactions, Kellogg gave advice to Gittings to ask for the reply to the telegram from 12<sup>th</sup> October from the Czechoslovak party. He was to reason that the awareness of the amount of the contingent is extremely important for American producers in order to sustain continuity and stability of trade. However, the Czechoslovak ministry of trade extended their time to respond, as on 2<sup>nd</sup> February 1929, more than two months later, ambassador Einstein in his telegram to Kellogg informed that he disposed of confidential news, according to which basic contingent of 800 had been increased to 1,500 automobiles. At the same time he asked the minister to keep this information beyond publicity despite the fact that American automobile groups were discreetly informed about it later.<sup>28</sup>

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25 POLIŠENSKÁ, M., *op. cit.*, pp. 153–154.

26 FRUS 1928, p. 712.

27 *Ibid.*, pp. 714–715.

28 *Ibid.*, pp. 716–717.



The United States continued in generating pressure, mainly on nulling a trust agreement between Czechoslovakia and France, which was considered a barrier and a discriminatory tool in automobile import. The Americans succeeded only partially when the cartel/trust agreement was nullified in 1929, however, coming into existence from 1<sup>st</sup> January 1937. The United States therefore tried to achieve detailed information concerning sale of French automobiles. Based on several indications, they were sure that there was a political agreement according to which high tariffs on French automobiles are secretly refunded to Czechoslovak importers by the *Paris Automobile Association*. The existence of such a confidential Czechoslovak-French agreement was mentioned by American industrialist and one of the automobile producers Roy Chapin (while talking to the minister of foreign affairs, Henry Stimson in May 1931) who later became minister of trade in August 1932. American diplomats found out the core of the matter since on 16<sup>th</sup> November 1931, in his letter, Henry Stimson informed President Herbert Hoover about the fact that Czechoslovakia were engaging in discrimination, favouring French automobiles and disadvantaging American automobiles. According to Stimson, this discrimination, despite long-term efforts of American diplomacy, almost paralysed automobile exports from the U.S.A to Czechoslovakia.<sup>29</sup>

The regular problems with import did not trouble only automobile traders, a similar situation was regularly repeated with tractors. In this context, the envoy in the Czechoslovak Republic, Abraham Ratschesky, informed minister of foreign affairs Stimson about problems referring to the import of American tractors to Czechoslovakia, in January 1931. According to trade attaché Karl Rankin, who dealt with these affairs in Prague, the problems were not caused by the amount of import tax, but the import licence system. According to this system, the ship cargo came under a special permit before it was checked in the customs office. As far as it was known, Czechoslovakia did not state any official limit for the number of tractors that could be imported from any country, alternatively, by an individual importer or by ships to Czechoslovakia. Despite this fact, the Czechoslovak party refused to issue a permit for import of three tractors. According to Rankin, in the past there were some cases when only three licences had been granted despite the fact that 21 had been applied for. In another case, the Czechoslovak authorities granted five licences out of ten applications. Even though, in 1930, during the main season of tractor sale the majority of applications were refused.

In May 1930, envoy Ratschesky interceded with minister of foreign affairs Beneš on this matter, who made a promise that he would be interested in this affair. In July 1930, during the next meeting Beneš said due to the fact that the climax of the tractor sale season had gone by, it was too late to provide any valuable assistance. He added that he was ready to negotiate this issue before the opening of the next-year season of sale.

According to Rankin's information, in Czechoslovakia tractors were produced in Skoda enterprises and two small companies (*Praga Tractor Company* and *Wikow Tractor Company*), while the production in these two small companies was not higher than

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<sup>29</sup> POLIŠENSKÁ, M., op. cit., pp. 156–157.





50 tractors per year. However, information concerning exact data related to production and sale of tractors (as well as automobiles) from the home production was covered by a great deal of secrecy. The Czechoslovak statistical office annually issued data only about motor machines in the country. The number of vehicles produced in the country could be only estimated from the presented data. Despite this fact, Rankin disposed of these pieces of information. In his opinion, the official data from February 1928 showed that the number of registered tractors in Czechoslovakia was 2.294, out of which 26 were of Czechoslovak production, while 2.071 came from American production, i.e. they accounted for more than 90% of the total number. One year later, in February 1929, the official data informed about the total number of 3.410 tractors, out of which 128 were of Czechoslovak production and 2.974 of American production (87,2%). Preliminary data by February 1930 showed the increase of the number of tractors to 4.269, but Rankin could not decipher their origin in detail.

As it is shown further, home (Czechoslovak) production of tractors before 1928 insignificant. In 1928, 100 tractors were produced in Czechoslovakia, 430 tractors in 1929, but in 1930 (as a consequence of economic crisis) only 275 tractors. The envoy obtained the data 'from the best local sources', but he warned that they had not been compared with import statistics. If that information was right, the tractor production in Czechoslovakia in the last three years had not exceeded the amount of 300 pieces annually. This was an evident increase in comparison with the previous years (before 1928) when home production of tractors was practically null. It was also obvious that on an average, more than 1.000 pieces of American tractors had annually been sold in Czechoslovakia. He emphasised that due to a short season of tractor sale a slight delay with their supply could cause importers special complications, even a shift of sale for the following year.<sup>30</sup>

Two months after sending a relatively detailed telegram, envoy Ratshesky received a brief and general instruction from Washington, from sitting minister of foreign affairs Wilbur Carr, who considered the issue of tractor import a matter of mainly international trade. Carr proposed to negotiate about eventual problems by means of personal talks with Czechoslovak politicians, respectively, if the envoy considered it reasonable, he was to solve the problem by sending a memorandum to the Czechoslovak party, in which he would present the essence of the requirements. The instructions concerning a mild diplomatic attitude seemed to be logical, as the American party recognised that getting into an argument because of several pieces of tractors (when their annual import was approximately in hundreds) would have been counterproductive as a result.<sup>31</sup>

Despite this fact, on 20<sup>th</sup> March 1931, the American Embassy decided to address the Ministry of Foreign Affairs of the Czechoslovak Republic with their *aide-mémoire*, in which the problems with tractor import were summarised. Envoy Ratshesky later discussed this issue with Peroutka from the ministry of trade informally, but no shift happened.

30 FRUS 1932, *The British Commonwealth, Europe, Near East and Africa*. Vol. II. Washington, D. C. 1947, pp. 146-148.

31 Ibid., p. 148.



The problem rose again on December 1931, when *chargé d'affaires* Frederick Hibbard informed Washington that the importers of American tractors repeatedly had problems with import licences and the Czechoslovak authorities refused to grant a licence for several caterpillar tractors again without any reason. Hibbard's perception was interesting. Informal complaints presented to the Czechoslovak party did not have practically any sense because there was always a commission or department particular ministers hide behind and move on their responsibility on them. He therefore decided to address a formal note to minister of foreign affairs Beneš, in which he requested to re-evaluate the attitudes of particular offices towards issuing permits for purchased tractors. He stated as an exact example Czechoslovak company *Agra-Unie* (a local representative of American company *Caterpillar Tractor Company of Peoria*), whose application for granting import licences for tractors had been refused by the ministry of trade, without stating any reason. Hibbard argued that during the previous talks with the members of the Czechoslovak government they confirmed that there had been no limitation for the number of tractors imported to the country either from the United States of American or other countries. What is more, in this case the tractors were of specific type (caterpillar) that was not produced in Czechoslovakia, so they did not compete with home production. He therefore proposed that it would be useful for mutual trade relations, either for importers and producers or for local purchasers, when the Czechoslovak government would state a definite number of tractors that could be imported from other countries annually.<sup>32</sup>

The Ministry of Foreign Affairs of the Czechoslovak Republic replied in a letter from 9<sup>th</sup> March 1932 that after communicating with competent offices it gave consent to the import of five tractors made by *Caterpillar*, which were applied by the company *Agra-Unie*. Apart from it, the offices approved import applications for four tractors made by *John Deere* and two tractors made by *McCormick*. At the same time, the ministry provided information that it was not possible to state contingents for import of tractors of special types that were not produced in Czechoslovakia. Hibbard emphasised that it was paid a great attention to tractor import from the USA, maybe greater than had ever been done to import from other countries. He expressed his belief that American industry would be satisfied with the results they had achieved.<sup>33</sup>

To sum up, mutual relations in the inter-war period between the USA and the Czechoslovak Republic were not a priority for any of the parties. What is more, these relations were burdened with topics of an economic-financial character: the question of unpaid Czechoslovak debt, prolonged negotiations about reciprocal trade contract, or the above-mentioned problem referring to import of automobiles and tractors, which was rather a tiny episode with a clearly characterised complexity of bilateral diplomatic-business relations.<sup>34</sup>

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32 Ibid., pp. 149–151.

33 Ibid., p. 152; POLIŠENSKÁ, M., op. cit., p. 157.

34 The study was carried out within the grant project of the Ministry of Education, Science, Research and Sport of the Slovak Republic VEGA 1/0687/15 *Western Powers (France and the United States of America) and Czechoslovakia in the first half of the 20<sup>th</sup> century*.

**ABSTRACT****INTER-WAR CZECHOSLOVAK-AMERICAN TRADE RELATIONS  
ON EXAMPLE OF AUTOMOBILE IMPORT FROM THE USA**

World War I significantly changed the economic position of the USA when a debtor became a creditor, and a world economic power with increasing industry and an abundance of free capital. It is proved by the fact that the export of American goods to European countries was six times higher than import in 1919–1920. The increase of stronger Czechoslovak-American business relations was limited by the customs system of the Czechoslovak Republic, which was of a strong protectionist character. It was recognisable mainly with the efforts of American traders to increase automobile import to Czechoslovakia. The USA therefore increased pressure on the annulment of the trade agreement between Czechoslovakia and France, which was considered a barrier and discriminatory tool. Despite a long-term effort of the American diplomacy, this discrimination almost paralysed automobile export from the U.S.A to the Czechoslovak Republic.

**KEYWORDS**

Czechoslovak-American trade relations; automobile import; inter-war period

**ABSTRAKT****ČESKOSLOVENSKO-AMERICKÉ OBCHODNÍ VZTAHY MEZI VÁLKAMI  
NA PŘÍKLADU DOVOZU AUTOMOBILŮ Z USA**

První světová válka výrazně změnila hospodářské postavení USA, když se z dlužníka stal věřitel a tím i světová ekonomická velmoc s rostoucím průmyslovým dostatkem volného kapitálu. Svědčí o tom i fakt, že vývoz amerických výrobků do evropských zemí byl v letech 1919–1920 až šestkrát větší než dovoz. Navázání hlubších československo-amerických obchodních vztahů ale bránil celní systém ČSR, který měl silný protekcionistický charakter. Ten se projevoval především při snahách amerických obchodníků zvyšovat vývoz automobilů do ČSR. USA proto vyvíjely nátlak zejména na zrušení kartelové dohody mezi ČSR a Francií, již americká strana považovala za překážku a diskriminační nástroj. Tato diskriminace — i navzdory dlouhodobé snaze americké diplomacie — téměř ochromila export automobilů z USA do ČSR.

**KLÍČOVÁ SLOVA**

Československo-americké obchodní vztahy; dovoz automobile; meziválečné období

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