

Between Washington and Berlin again

Nazi Germany invaded Czechoslovakia 80 years ago this month, and on March 27th of that year, ex-Pres. Edvard Beneš sent a message to the American people. At a gathering in New York City organized by the Volunteer Christian Committee to Boycott Nazi Germany, he said that "through all history, brute force has gone down to defeat when challenged by spiritual force." He was not suggesting that we "meet brute force with force of arms," he said, but he was "pleading that the forces of democracy, freedom and decency shall give combat to the forces which have already ranged themselves on the other side."

It's not entirely clear if he was actually present to deliver the address, but the [New York Times reported his remarks](#) the next day: "I am appealing to those men who love liberty to rise in their strength and declare that the end has been reached. There are methods short of actual bloodshed which should prove effective. I advocate such methods, and I stand with those who are organizing themselves into a solid phalanx to stop war."

He was supporting the boycott. The chairman of the Volunteer Christian Committee, [William Jay Schieffelin](#), told the group that the boycott that had begun in 1933 or an embargo was the only way to defend against "barter, Bunds [pro-Nazi cells], export subsidies and subsidized propaganda." Schieffelin had said a few days earlier that the [effect of the boycott on German's economy had been catastrophic](#) and that Hitler's latest speech had proven it. "If the boycott continues," Schieffelin said, "Germany cannot continue the armament race, and Hitler's ability to blackmail the world will be gone."

In the speech Schieffelin referred to, [Hitler had said on Jan. 30, 1939](#) that Germany must export to live. Without export,

he said, it would perish, so its motivation and willingness to reduce its own consumption in the interest of selling goods

itself. Only 11% of respondents think the economic situation will improve, compared to 25% last year. The number

who expect the situation to get worse rose from 9% in last year's survey, to 34%. Dir. Bernard Bauer of the Chamber said that the worries relate especially to the automobile sector.

Yet figures from the [SDA importers' association](#) actually show an improvement this year. Total new-car sales on the Czech market were down y/y by 15.0% in Oct., 15.9% in Nov., 26.6% in Dec. and 17.0% in Jan., but by

Feb. the decline was only 6.7%. For Škoda Auto, it looked even better. Its domestic sales were down 0.1% in Oct., 6.1% in Nov., 20.2% in Dec., and 19.6% in Jan., but by Feb. they had grown y/y by 2.3%.

[Škoda Chairman Bernhard Maier](#) presented his company's 2018 figures in a favorable light last week, emphasizing the sales growth of 4.4%. He even stated that Škoda, with sales last year of 1.25m vehicles globally, is on track to meet its target of 2m cars by 2025. Things are great!

But isn't Maier doing the same thing as Merkel? Isn't he avoiding telling his people that the good times may be over? At 4.4% annual growth, Škoda would actually sell only 1.7m cars as of 2025, not 2m. Companies in the auto sector sense that pain is coming, but Maier is hiding it.

Add to this the transatlantic situation, and the Czechs are again caught between Washington and Berlin. They aren't occupied, and they aren't in the middle of a hot war, but the bad blood between Germany and the U.S. is a real threat. Germany must export or perish.

Unlike Beneš, Andrej Babiš isn't supporting the anti-German "boycott." He's against U.S. car tariffs. Otherwise, he's mostly on Trump's side. Could it mainly be because it's not very popular to be pro-Merkel in the run-up to EU elections?

