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The Hull Treaties

The Hull trade agreement act of 1934, which has been renewed three times since its original passage, is scheduled to expire in June unless its continuance receives express legislative authorization before that time. In a special message to Congress the President urges such action.

As originally set up, ten years ago, this program for gradually lowering American tariff barriers in return for similar concessions on the part of other nations authorized reductions up to 50 per cent of the levels then prevailing. In some cases no reductions have been made, so that this full 50 per cent flexibility remains. In other cases concessions have reduced this "trading" leeway substantially, while in still others reductions have used up the entire 50 per cent, so that here no further changes are possible. What this country can obtain in the way of tariff concessions depends, of course, on what it is in a position to give up, and in the case of certain countries, including such big customers as Great Britain and Canada, "we do not," as the President puts it, "have enough to offer to serve as a basis for the further concessions we want from them." In order to restore the original flexibility of the reciprocal trade formula, therefore, he recommends that "the 50 per cent limit be brought up to date by an amendment that relates it to the rates of 1945 instead of those of 1934."

No one who favors the general objectives of the Bretton Woods conference can logically challenge the desirability of a continuance of the Hull reciprocal trade program. More than any other single measure enacted by the present Administration this is genuinely symbolic of economic co-operation in world affairs. One of the most serious criticisms of the plan that emerged at the Bretton Woods conference, as a matter of fact, is that it reflects an insufficient appreciation of the truth that the elimination of trade barriers of all kinds is the *sine qua non* of long-term currency stabilization. Many people are under the impression that the Bretton Woods program includes such provisions, but that is not the case. The nations which signed the master lend-lease agreements are committed in principle to "the elimination of all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers," but Bretton Woods stops far short of this. The Treasury currency stabilization program does propose to deprive members of their borrowing rights if they continue to discriminate in their international transactions through currency controls, but nothing in the plan prevents them from carrying out discriminatory policies through such commercial controls as quotas or import restrictions.

The Hull trade agreement measure should by all means be extended, but it should be regarded as merely a beginning in a much broader program of commercial co-operation to make workable the program of currency stabilization.