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### Tariffs in "The New World"

President Roosevelt asks Congress to extend again the life of the Trade Agreements Act of 1934. He recommends that the 50 per cent maximum tariff rate reductions it authorizes the Executive to make, in exchange for satisfactory tariff concessions from other nations, be related to the effective rates of the present time, instead of those effective in 1934. He thus asks that he and the State Department be enabled to offer rates, reduced by as much as 75 per cent from the duties of the middle 1930s when bargaining for wider entry of our goods into specific foreign markets.

This newspaper holds that the results of the Trade Agreements Act would justify its extension if there had been no world war and that the task of reconstructing the world's economic life when peace comes renders its continuation still advisable, even necessary. Whether it should be amended to authorize deeper rate cuts than did the original act is another matter.

The President mentions "Great Britain and Canada, our largest peacetime customers," as countries from which we still wish to obtain tariff concessions but to which we can offer little more in the way of *quid pro quo*. It is good business to deal liberally with good customers, provided, of course, that we have reason to believe they intend to remain good customers and to reciprocate in liberality.

We could wish that in asking Congress to extend the Trade Agreements Act the President had discussed certain collateral issues in specific terms. For example: On the same day he made his trade agreements request the President also asked Congress to make the United States a member of the Food and Agriculture Organization of the United Nations. He describes the latter's functions as purely informative and advisory. As a member this country

"will retain complete freedom of action in determining our national agricultural policies." But he mentions "avoidance of agricultural surpluses" as "among the important objectives that the food and agriculture organization will assist the nations of the world in achieving." How will it, if all member nations preserve complete freedom of action? Has Congress been told?

Mr. Roosevelt stresses the relation between a world food organization and the Dumbarton Oaks world security project. In his trade agreements message he anticipates the conclusion of international agreements on "the crucial questions of money and exchange, international investment, trade, civil aviation, labor and agriculture." He foresees "the new world of international cooperation to which we all look forward." Either that, or the world "will move apart into necessarily competing economic blocs."

We submit that this is a pretty foggy atmosphere of administrative intention in which to ask Congress for so wide an extension of executive power as discretionary authority to reduce a tariff rate from 100 to 25. Tariffs are obstacles to international trade in full volume, but there is no greater obstacle thereto than unstable currency exchange rates. The Bretton Woods Monetary Fund plan, advertised by its loving friends as a currency stabilization mechanism, offers its member nations every encouragement to adjust their currency exchange values to their internal conditions, whereas the reverse of this process is the only real road to stable currency.

Until Congress makes up its mind about the Monetary Fund and has much more knowledge than it has about the many "agreements" for international trade regulation which the Administration predicts in exceedingly general terms, it will do well to go slow in widening the executive authority over our tariff schedules.