

Reciprocal Trade Pacts Essential

Bitter debate has characterized consideration of the administration bill for the extension of the trade agreements act, popularly known as the Hull reciprocal trade program as embodied in the Doughton bill, with republican leaders making every effort for its defeat. The bill proposes an extension for three years, and that the power to reduce tariffs be adjusted again to allow cuts of as much as 50 percent in existing tariff rates.

The purpose of the proposed extension of the act beyond its expiration date on June 12 is asked to assure a skeptical world that the United States, the world's most powerful political and economic unit, will take its share of responsibilities in avoiding a postwar trade conflict and in helping to rebuild world commerce, and so help avert another world war.

When the trade agreements act was passed in 1934, the Nazis under Hitler had started their drive to reduce all world trade to a barter basis and Britain was combatting depression with the restrictive Empire trade scheme and the act was designed to prove that this country was willing to make binding agreements to lower or freeze tariff rates for a fixed period of time with any country willing to bargain along the same lines. The act was renewed in 1937, 1940 and for two years in 1943.

In the eleven years that the act has been in effect, reciprocal trade agreements have been concluded with 27 countries. Out of total tariff schedule including over 3000 items, reductions have been made on 1226. On about 500 of these the full 50 percent cut originally allowed has been taken. The average cut on the entire list of 1226 items is about 30 percent.

In asking for new authority Washington is seeking fresh bargaining power for forthcoming trade conferences with the Pan-American republics in November and the forthcoming world conference. The country's foreign trade policy rests on the success or failure of any world plan to avoid the issues, both political and economic, that poison international relations. Our future policies must be shaped for world affairs rather than the limited perspective of isolated markets.

Americans should not forget the lessons following the first world war. Although we had become the world's greatest creditor nation, we erected the world's greatest tariff wall and refused to let debtor nation's pay in the only way they could, by their products, raw or manufactured, but insisted on payments in gold, when they had no gold. So we lent them the gold to pay us and of course lost the loans. Unless in the post-war period, foreign commerce is restored and the people of the world put to work, restoration and security become idle dreams.

Tariffs were created to foster infant industries, and develop our natural resources. However the larger the industries became, the more tariff pay they demanded and received. The tariff became the mother of monopolistic trusts and the trusts of international cartel monopolies. The great depression and the second world war were inevitable results. Is history to repeat itself?