All that is needed is an equalizing international tariff based on national wage levels. Such an international tariff would equalize prices between high and low wage countries on both the upper and the lower levels. That is to say it would equalize prices charged for goods going from low wage countries to high wage countries by an import duty on these goods entering the high wage country. It would also equalize prices charged for goods going from high wage countries to low wage countries by an export subsidy paid by the high wage country to the low wage country.

The adoption of such a scientific international tariff based on national wage levels would have the effect of lowering the cost of goods imported by low wage countries from high wage countries to make such goods competitive with goods of domestic production. It would also have the effect of increasing the cost of goods imported by high wage countries from low wage countries to put such goods on a competitive basis with similar goods of domestic production.

This international tariff programme based on national wage levels could do all that Marshall Aid did and more. It would not only increase capacity to buy on the part of debtor countries but it would increase capacity to sell or exchange goods by both debtor and creditor countries, by high wage countries as well as low wage countries. It would distribute the cost of such aid among all trading countries in proportion to their external trade volume. The bread cast on the waters by such trading countries would thus be returned to them.

Scarcity in the Midst of Plenty

We are all familiar with war time shortages and scarcity. That is to say, we are if we have not forgotten past experience. We no longer hear much about the War Time Prices and Trade Board, but we should not forget that it was created to deal with commodities in short supply—all commodities in fact, and to hold down prices at the production, wholesale, and retail levels.

The war which ended almost six years ago is sufficently far removed from the present that we are inclined to forget some of its lessons and even some of its conditions, which at the time we thought were indelibly impressed on our memory. Under five years of so-called uneasy peace or cold war, production caught up with demand for most commodities and in some lines of production surpluses were created. Surpluses were particularly noticeable in the case of agricultural products and now threaten to become more noticeable unless war demands remove them. In the United States fantastic measures were adopted by the government of that country to pay the producers artificially high prices for their surplus production and then in some way to dispose of the surplus purchased or subsidized without letting the prices fall. In our own country we have done something very similar with Canadian butter, the price of which was kept artificially high by government subsidy.

Whenever prices are kept artificially high by the various devices which have been used for this purpose, it has been found necessary to subsidize one group of producers at the expense of the other groups. If for example the price of potatoes is kept at an artificially high level in the United States the producers of potatoes are paid a bonus or subsidy which must be collected from the taxpayers as a whole. There is, of course, a lot of resistance to the policy by the taxpayers at large and sometimes the policy is not even favoured by people who are not taxpayers. The various attempts which have been made by many countries in the past to cut back or limit production of agricultural produce, or to destroy surpluses which have been produced and which threaten to lower prices below the cost of production, have always been unpopular with some people or some countries.

There was a natural resentment in other countries to the policy adopted by the Roosevelt administration of the United States in the 30's to destroy