

United States and Canada had agreed to begin a search for means to increase the exchange of commodities between the two countries and thereby promote not only economic betterment on the North American continent, but also a general improvement of world conditions, and indicated that the policy of the Government was to continue their efforts to that end.

On July 21, 1933, at the international Monetary and Economic Conference in London, the policy of the Government of the United States was expressed by you in a resolution submitted on behalf of your Government. This resolution declared that the governments represented at the Conference should forthwith "initiate bilateral (or plurilateral) negotiations for the removal of prohibitions and restrictions and for the reduction of tariff rates; and declare that their aim in these treaties is substantial reduction of basic trade barriers, and not merely the removal of temporary and abnormal restrictions and increments imposed for bargaining purposes." The resolution continued: "In shaping its policy and in executing its obligations under any agreements, each Government should direct its first and greatest efforts towards eliminating restrictions and reducing duties which most clearly lack economic justification, particularly:

- (a) Duties or restrictions which not completely or almost completely exclude foreign competition, such as those which restrict importation of particular commodities to less than 5 per cent of the domestic consumption thereof;
- (b) Duties or restrictions on articles the imports of which have been substantially curtailed since 1929 as compared with domestic consumption;
- (c) Protective duties or restrictions which have been in effect a considerable period of time without bringing about a substantial domestic production of the protected commodities (say equal to 15 per cent. of the total domestic consumption thereof)."

On December 16th, 1933, on your motion, the Seventh International Conference of American States at Montevideo adopted a resolution which declared that the Governments of the American Republics would promptly undertake "to promote trade among their respective peoples and other nations and to reduce high trade barriers through the negotiation of comprehensive bilateral reciprocity treaties based upon mutual concessions."

On February 22nd, 1934, the Department of State issued to the press a statement concerning trade negotiations with Canada, which reads as follows:

"The trade between the United States and Canada is larger in normal times than that between any other two countries in the world, and it is natural that both countries should desire to restore the reciprocal flow of commodities to normal proportions. We hope to be in a position at an early date to take steps looking to the conclusion of a trade agreement with Canada which will further the interests of