minimum of 0 and are, as previously indicated, proportional to the wage rate shown for each country.

Country	Average Hourly Wage Rate	International Tariff Rate
A	$2.00	.50
B	1.75	.4375
C	1.50	.375
D	1.25	.3125
E	1.00	.25
F	.75	.1875
G	.50	.125
H	.25	.0625
I	.10	.025
J	0	0

Under the proposed International Tariff Plan, goods shipped from one country to another would be subject to the payment of a customs duty or tariff calculated at a rate corresponding to the difference between the rate shown opposite the importing country and the rate shown opposite the exporting country in the above schedule.

For example, if goods are imported by country "A" from country "J" the rate of duty applicable would be calculated at a rate of (.50—0) or 50%.

If goods are imported by country "A" from country "E", the rate of duty applicable would be (.50—.25) or 25%.

If goods are imported by country "J" from country "A", the rate of duty applicable would be (0—.50) or —50%.

If goods are imported by country "E" from country "A", the rate of duty applicable would be (.25—.50) or —.25%.

From the above illustrations it will be seen that where the movement of goods is *up* (from low wage countries to high wage countries) the duty or tariff is a positive rate or a plus quantity to be added to the cost of the goods. This is a tax or duty imposed by the importing country at the proper rate as calculated according to the above procedure.

On the other hand, where the movement of goods is *down* (from high wage countries to low wage countries) the duty or tariff is a negative rate or a minus quantity to be deducted from the cost of the goods or, alternatively, to be paid as a subsidy by the exporting country to the importer.

The objective of the proposed International Tariff Schedule is to encourage international trading by attempting to approximately equalize production costs in terms of wages paid. In equalizing wage costs in this way and to this extent, exporting countries are better enabled to compete with each other in world markets.

It is desirable that competition between countries selling their surplus production in world markets should be conducted on a basis that approximates equality of production costs as nearly as possible. It is recognized that no system of national or international tariffs will effect complete equality. This being so, it would seem desirable to aim at an ideal in the hope of getting as close to the ideal as possible.

The low wage countries have a definite advantage, in lower labour costs, when competing with high wage countries in world markets. It is sometimes true that this advantage is offset by inefficiency in production methods and in equipment, as compared with high wage countries. Nevertheless because efficiency is desirable, we should seek to encourage it wherever possible. This was the objective that Mr. Truman had in mind when he enunciated this year