

at competitive prices. Also countries producing manufactured goods must be free to sell those manufactured products in the various markets of the free world on an equitably competitive basis.

*Obstacles to International Trade.*—Earlier in this brief we have mentioned some of the obstacles encountered by trading countries in obtaining accessibility to the various national markets of the free world. Such obstacles include:

- (a) fixed exchange rates and blocked currencies.
- (b) the current low price of gold.
- (c) the use of invisible tariffs.
- (d) the establishment of quotas and restrictions on trade.
- (e) high or prohibitive tariff rates.
- (f) imposition of internal or excise taxes on imported goods.

This Association believes that the greatest possible degree of accessibility to world markets and the least possible restrictions on trade will produce the best results. As our whole economic and political structure rests on our trade, both national and international, we are of the opinion that this consideration more than any other deserves our greatest attention.

*The Question of Free Trade.*—While this Association has already indicated its desire to give to international trade within the free world the greatest possible freedom of movement it does not go so far as to claim that absolute free trade is the immediate goal. We are of the opinion that as long as the great differences between the standards of living in the various trading countries prevail some regulation of trade between these countries is necessary. With this thought in mind we suggest for consideration the establishment by international agreement of a scientific international tariff system.

*A Scientific International Tariff.*—If there is any general agreement on the justification for a customs tariff it seems to be based on the acknowledged right of high wage countries to regulate or control the competition which they have to meet in their own markets from low wage countries.

It should not be too difficult to work out the average wage levels or average wage rates in the different trading countries. Once this has been done the relative labour costs in each country would be set down in order of sequence. It is quite true that wage costs are only a part, and sometimes a small part, of total production costs. Nevertheless for the purpose of regulating or adjusting competitive selling prices between trading countries this is the most reliable and the fairest index of price differences. It is also true that efficiency in production will vary between one country and another just as it often varies between one industry and another. It would be unwise and also unfair to protect and so perpetuate inefficiency which would result from a tariff which is too high based on relative production costs. One of the valuable corrective measures that competition brings about is an increase in efficiency and it should be encouraged, not curtailed. It is sometimes argued that one country has an advantage over another in the growth or production of raw materials, or of water power, and that these differences should be compensated for by national customs tariffs. Our consideration of this argument forces us to the conclusion that such differences are like climatic differences and that it is neither wise nor desirable that any attempt at equalizing them should be made.

One must also recognize the fact that wage levels in all countries are not fixed, but are fluid, changing with changing economic and trading conditions. We must also realize that one of the main purposes of production and trade is to raise standards of living and to enrich the lives of the people in all trading countries. These changes in wage levels should, therefore, be encouraged and recorded in the tables of national wage rates of all trading countries previously referred to.