

£200. The rents charged to tenant farmers have risen accordingly. Imports of cheap food will help to bring down the price of land to levels which young farmers can afford. The protectionist policy has centralised land ownership; the reversal of that policy will result in a wider ownership of land, which politically and economically would be a good thing.

The completely unsound policy of protection for agriculture arose largely out of the belief nurtured by protectionists that there was a total depression in agriculture between the two wars. The truth is that there was a farming revolution. The development of tractor farming in North America resulted in huge grain crops. Low prices resulted. These adversely affected the grain growers in Great Britain, and vast areas went out of grain production. But the result of cheap grain was cheap feeding stuff for animals. Animal husbandry, by far the most important sector of British agriculture, expanded enormously. Between 1923 and 1939 cattle population increased by 1,108,000 head or 41 per cent; sheep by 5,802,000 or 27 per cent; pigs by 1,401,000 or 45 per cent; poultry by 21,982,000 or 63 per cent.

A Lesson In Logic— And Economics

Milton Friedman, *Newsweek*, August 14

WE HAVE HEARD much these past few years about using the government to protect the consumer. A far more urgent problem is to protect the consumer from the government.

The immediate occasion for these remarks is the bill that is being considered by the House Ways and Means Committee to impose import quotas on textiles, shoes and other products.

The proponents of quotas say, "Free trade is fine in theory but it must be reciprocal. We cannot open our markets to foreign products if foreigners close their markets to us." Japan, they argue, to use their favourite whipping boy, "keeps her vast internal market for the private domain of Japanese industry but then pushes her products into the U.S. market and complains when we try to prevent this unfair tactic."

The argument sounds reasonable. It is, in fact, utter nonsense. Exports are the cost of trade, imports the return from trade, not the other way round.

Suppose Japan were incredibly successful in her alleged attempt to restrict imports into Japan, managing to dispense with them entirely. Suppose that Japan were incredibly successful in her alleged attempts to push exports to the U.S. managing to sell us large quantities of assorted goods. What would Japan do with the dollars she received for her exports? Take crisp greenbacks back to Tokyo to stash in the vaults of the Bank of Japan? Let deposits at U.S. banks pile up? Jolly for us. Can you

think of a better deal than our getting fine textiles, shiny cars and sophisticated TV sets for a bale of green printed paper? Or for some entries on the books of banks? If the Japanese would only be willing to keep on doing that, we can provide all the green paper they will take. Very soon Japan would take steps either to reduce exports or to use the dollars to buy imports.

In Japan no less than in the U.S., concentrated producers exert a greater influence on government than widely diffused consumers and are able to persuade the government to fleece the consumer for the benefit of the producers.

However, we only increase the hurt to us—and also to them—by imposing additional restrictions in our turn. The wise course for us is precisely the opposite—to move unilaterally toward free trade. If they will choose to impose restrictions, that is too bad but at least we have not added insult to injury.

Relevance Of George

St. Louis Review, October 2

ELMER H. SMITH, the Housing and Urban Development area director who opened a new office in St. Louis this week, is reportedly very concerned with the high price of unused land encircling the downtown area. Clearly the rising land price discourages private urban investment and impedes downtown housing developments. Yet, if this cleared and vacant property is so valuable, why is it so unmarketable? As a solution to the slum-to-derelect-to-cleared property pattern Mr. Smith suggests the possibility of a tax incentive for individual home improvements. Such a scheme may prevent tomorrow's slums, but does not offer even symptomatic relief to the presently diseased neighbourhoods, nor does it address itself to the problem of the unused land.

Perhaps Mr. Smith will eventually turn to those urbanologists who are currently reviving the philosophy of Henry George. The relevance of George's 1878 classic *Progress and Poverty* is precisely the contemporary problem of unused land. George's idea was to propose a shift from a tax upon land improvements to a tax upon the value of land.

Since the government encourages a market by rewarding urban investment, should it not also penalize the speculator who obstructs urban redevelopment? Tax evaluation based on land rather than improvements would not only encourage urban investment and force land on to the market, but would also free the individual home improver from a disproportionate tax share in maintaining city services. Henry George's single tax has complex ramifications yet we can no longer dismiss his logic. The public and the urban developer may both benefit from city renewal, while the land speculator may gain at the public expense. During the urban crisis such a condition is intolerable.