

SEEDS OF UNREST

Agrarian Unrest in South-East Asia,* by E. H. Jacoby, is the report of a survey undertaken on behalf of the Carnegie Endowment for International Peace. It is written from the American point of view and Mr. J. D. Condliffe, a Director of the Endowment, in a Foreword, after remarking that the solution of their difficulties is "beyond the capacity of the Asiatic peoples themselves," is concerned with the part Americans "may be called upon to play in the coming struggle for the soul of Asia." He evidently regards this survey as material for a "Point Four" policy of economic aid generally considered essential to save Asia from Communism. This is also the object of the British Commonwealth's Colombo Plan given renewed prominence at the end of March when the partners were in conference and the British public were reminded that they are pledged on this account to the extent of £300 millions. British taxpayers might well reflect before allowing themselves to be rushed into a competition with Americans to buy Asiatic goodwill; Americans would be wise to consider what sum is necessary to impress effectively some thousand million people—even assuming it reached those who matter.

Many facts in Mr. Jacoby's book will confirm in their opinion those who believe that the remedy for social unrest in Asia (as elsewhere) is not to give alms but to remove injustices so that people can help themselves. It is common experience that the disparity of conditions rather than uniform austerity breeds discontent. Mr. Jacoby gives no impression of general resentment against the supposed affluence of the West, but his pages are full of the Asiatic peasant's grievances against Asiatic landlords, moneylenders and merchants. Despite differences of government these grievances reappear, and poverty shows itself under similar aspects, in all the six countries surveyed: in Java, under Dutch influence; in Burma and Malaya, under British influence; in Indo-China, under French influence; in the Philippines, under United States influence; and in Siam, which has always been independent. The author does not relate these things to any general cause or propound any general remedy. Though very non-committal he evidently accepts the usual diagnosis of over-population, etc., and the customary remedies of applying State assistance and control to each particular symptom. Space considerations prevent reference to the inconsistencies and evident shortcomings involved. Over-population is not attributed to lack of land, however, and great reserves of unused land are frequently mentioned. In fact, the effects of legalised land monopoly are everywhere apparent though we are given scanty information of the land systems in operation and no details of the land taxes occasionally referred to. Mr. Jacoby denounces particular instances of "landlordism" but avoids any discussion on the principles of land tenure. This is especially noticeable in his reference to Sun Yat Sen's proposal to tax the value of land, as one of the principles of the movement he led. Mr. Jacoby notices that this tax "represents the most outspoken contrast to economic Communism" but considers it "not essential" to determine if the principle is sound or practicable,

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only to quote it as an example of the demand for land providing material to promote nationalist movements.

The most valuable facts of the survey can best be shown by analysing the report on any one country. The frank revelation of conditions in the Philippines would serve, but the development of Lower Burma can be more briefly summarised. Some sixty years ago, the British administration, after providing customary security for life and property, decided to develop the virtually unoccupied Irrawaddy delta. An efficient system of flood control enabled millions of acres to be brought under irrigation; capital flowed into the country, mostly provided by Chettyars, or Indian moneylenders; and regulations were designed to encourage peasant proprietors. In three generations Burma became the greatest rice exporting country in the world. "From a technical point of view," says Mr. Jacoby, "development of Burma's economic resources was a first-rate performance." If this had been a Point Four scheme its directors could have made impressive use of statistics! But Mr. Jacoby shows how misleading statistics can be as indications of happiness.

The British administration, he states, "observed a policy of *laissez faire* . . . individualistic, exalting freedom of contract and freedom of enterprise. Land became a commodity, and credit arrangements conquered first the people and then the soil." The law of mortgage, previously unknown to native custom, was enforced by the Courts. To-day, the vast majority of rice producers consists of landless labourers, tenant farmers, or titular owners working for mortgagees: all alike poverty stricken and loaded with debt. Mr. Jacoby suggests their sufferings are made worse through *lack* of tariff "protection" against cheap consumer goods!

This supposed *laissez faire* policy included a long succession of Acts and regulations, dating from 1883, providing for land purchase, tenant protection, credit control, etc., all aimed at preventing the state of affairs which actually developed. These Acts, the author considers, were hampered by red tape and compromise; he expects better results from the new National Government's drastic projects, despite opposition, for land re-distribution and State credit. If the past is any guide to the future these palliatives will prove as ineffective as before. Without radical changes in principle, compensation must be given to the interests affected and any extraneous economic aid would be used indirectly for this purpose. Then the whole process of borrowing and land-grabbing, open or concealed, will start over again, probably aggravated by tariff war against India.

It is not free contract to place the services of the policeman at the disposal of private creditors; the public has no warrant to enforce agreements on which it has not been consulted and in which public property is not involved. And it is not *laissez faire* to give State protection to anyone who seeks to monopolize a piece of the earth's surface and appropriate the value which arises thereon by reason of the presence and activities of the community. It is this power of levying a tribute upon users of sites, *i.e.*, all producers,

which is the original legal method by which some can accumulate wealth without producing and producers are reduced to the necessity of borrowing from them. No official regulations or State-provided charity can eliminate the consequences of State-established privilege. The only way is to abolish the privilege by changing the law.

The simple and direct method to remove the root cause of Asiatic unrest, as this unrest is revealed in Mr. Jacoby's survey, is to cancel the privileges given to moneylenders and landowners, urban as well as rural, after due notice and subject to any reasonable compromise during a brief period of transition. This method requires no outside aid, no complex official machinery and no expropriation of any owner of an estate. It is impossible to "give" land equally to everyone, including each child as it is born, hence the futility of all land re-distribution schemes. But it is easy to make the *value* of land the common property of those who are continually producing it, namely, the community as a whole. This can be done by collecting the annual value of every site, apart altogether from improvements, and from this common fund defraying the expense of public services freely available to all. When the cost of these services is provided by land value taxation other kinds of taxes

which at present bear upon producers and their products, can be reduced or abolished, leading to an immense reduction in the cost of living. Under these conditions the Asiatic peasant—and urban worker—would find normal living very much easier at the same time as he would be relieved of a great burden of debt, taxation and private rent. He would have every encouragement to save and acquire property and develop a spirit of independence; no inducement to regard the State as universal provider, an attitude which leads logically to Communism.

Asiatics, like others, must save their own souls, but the Western Colonial powers can help materially by inaugurating policies of radical reform, especially land and taxation reform, in the countries they still control instead of, as at present, shirking these essential requirements. Western nations could make permanent success more certain by setting the example themselves, a step which would indeed strike the imagination of the East. Those who assent without serious examination to pretentious but ill-defined projects of economic aid should investigate this method of helping Asia before committing themselves to further taxation with its inevitable toll of suffering upon their own countrymen.

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HOW THEY RETALIATE!

One aspect of Protectionism has received unusual prominence in the British press since the publication by the Board of Trade of the text of a memorandum presented to the State Department in Washington, April 9. The memorandum protested against the growing numbers of American manufacturers who are seeking increased tariff protection for their products. Newspapers have expressed indignation and concern at this threat to certain British exporting industries, and to Britain's ability to earn the dollars necessary to pay for imports from the Western hemisphere. Not surprisingly, discreet silence has been maintained about British tariffs which lower living standards in this country and harm equally the economies of other countries.

The British protest draws attention to fourteen recent applications to the U.S. Tariff Commission by American manufacturers under the Trade Agreements Extension Act of 1951 for increased tariffs on imported motor cycles, bicycles, china dishes, briar pipes, cheeses, silk scarves, wood screws and frozen fish, and in some cases for reduced quotas. "British manufacturers", the memorandum states, "are perturbed by the mounting evidence that any marked success in selling their goods in the United States will be countered by applications from United States industry for further protection and by the fear that some at least of these applications may be granted."

Expressing sympathy for the British protest, Mr. Dean Acheson, the U.S. Secretary of State, declared to a press conference in Washington, April 16, "A big creditor nation that refuses to import can never expect to be paid for its exports. If we do not want to lose our export markets—and certainly no taxpayer wishes to continue to bear the burden of foreign aid indefinitely to enable other countries to buy our goods—we must import. We cannot throw up bar-

riers here while at the same time we urge the destruction of such barriers abroad in the interests of close partnership in the free world." Addressing a further press conference, April 30, he said that the "escape clause" which allows the conditional withdrawal of tariff concessions in American trade agreements would "not be resorted to lightly". It was understood, he said, that the use of these provisions would be confined to types of genuinely serious injury to domestic industry.

There is little consolation here for British exporters since American manufacturers may be expected to assert that they are in fact suffering such injury. As the *Observer* correspondent Susan Strange points out, April 20, the Tariff Commission, which is legally an independent fact-finding agency whose recommendations must be accepted by the American Government, is more likely to be influenced by commercial complaints than by the wider considerations advanced by Mr. Acheson.

Harley-Davidson, who produce the largest proportion of American-made motor cycles, have asked that the present 10 per cent duty on foreign machines should be increased to 40 per cent and that, until this increased tariff is in operation, only 1,700 motor cycles a year—a tenth of America's total production—should be admitted. Present American imports of motor cycles from seven British firms total 9,000 machines a year at a value of nearly £100,000.

The sales of British bicycles in the American market have risen to almost six times their 1949 value since the tariff against them was halved at Geneva in 1949. While clearly American cyclists are grateful for the tariff reduction, American manufacturers are likely to argue that they are seriously injured by this poaching on their reserve. So also in the case of wood screws, American imports of which have in-