

TARIFFS SEVER INDIA AND PAKISTAN

Whatever criticism may truly apply to the British administration of India it maintained freedom of exchange within its area. Goods and money could be freely bought and sold between the members of all the different communities and the participators in any industry. The introduction of Protection and exchange and currency control within such a recent period, therefore, provides a test of those who contend—or more often merely assume—that freedom of exchange might have been an advantage in Victorian times, but not under modern conditions; an assumption which underlies the statement of the headmaster of Eton, broadcasting November 13, in his Reith Lecture, “compared with conditions at any previous time society is now inevitably a planned society.”

The Delhi correspondent of the *Manchester Guardian*, a newspaper always sympathetic to the politically-minded Indians' aspiration to power, gives, December 29, an instructive report of the course of these aspirations in the “inevitably planned” requirements of modern society. Before India was “free” the people in what is now the Hindu division of the country wove cotton and jute, manufactured iron, steel, tyres, paper, paint, etc., grew sugar and mined coal. In what is now Pakistan they grew cotton, jute and wheat, produced hides and skins and mined salt and potassium nitrate. The greater part of these products was exchanged between the people of the two, as yet, unknown divisions. Lacking the political power to appoint them, no Customs officers or exchange and currency controllers were able to protect them from the full “chaos” of free trade. Each individual was concerned in paying and collecting his own debts; no statisticians published figures of trade balances; no merchant in Delhi or Karachi was aware of any advantage he might gain by devaluing his own or the other's rupee. The profession of smuggler or Customs spy did not exist.

When India, much to the concern of many Conservatives, threw off the British yoke, the people did not throw off the yoke of Protectionist ideas, which the Conservative Party had popularised so much in 1931. Customs barriers rose almost overnight and the experts got busy with collectivising and controlling exchange between the two divisions of India and Pakistan. As a result a formidable trade balance of Rs.25 crores (about £19 millions) emerged, in favour of Pakistan. At first the rupee was left at the same value in either country, although both currencies were linked by official regulations to sterling.

THE RIGHT WE HAVE BY FACT OF BIRTH

The late Carl Marfels, distinguished German art collector, student of philosophy and, in his time, Editor of the important *Watch and Clockmakers' Journal*, visited the U.S.A. in 1927. The occasion was to exhibit in American museums his rare collection of antique clocks and watches of exquisite workmanship, and including the wonderful timepiece made about 1430 for Philip the Good of Burgundy. On his return from the States he described his impressions of the social conditions in that land. What affected him deeply was the contrast of overflowing wealth side by side with desperate poverty, conditions with which he was only too well acquainted in his own country. He was one of the foremost members of the German Land Reform Union and wrote much on the subject, not only in his own books and pamphlets, but also, boldly and

When Sir Stafford Cripps devalued the £ the economic experts of Delhi decided to devalue their rupee accordingly. The experts of Karachi decided not to do so, thus making 100 Pakistani rupees equal to 144 Indian rupees, with remarkable consequences to the trade balance. The Indian Government refuses to recognise this rate, and as merchants on either side of the trade barrier cannot know what rate might be agreed to, trade is at a standstill. In the negotiations each Government, in the pursuit of “modern progress,” is subjecting its subjects to an endurance test.

Pakistan, hitherto relying on India for coal, might obtain it instead from South Africa if an earlier trade embargo against that country was not in operation. Already however, she has replaced Indian sugar with Cuban and is seeking other markets for her hides and potassium in exchange for manufactures. It is difficult, however, to see how the Pakistan peasant, left with unsaleable raw cotton and jute, will have the means to buy imported textiles. If the frontier remains closed long enough the ingenuity of the people and the enterprise of the merchants would, if unchecked, enable exchange to be carried on through other channels, but at great wastage of effort.

The *Manchester Guardian's* correspondent suggests the value of Pakistan's rupee should be “dispassionately and expertly” assessed by officials of the International Monetary Fund. To this the Pakistan Government might truly reply that, as the International Monetary Fund is a creation of Governments and every Government agent must seek the advantage of his employers, “dispassionate” assessment is impossible. Moreover, as India's rupee was devalued according to Sir Stafford Cripps's assessment of the £, to complete any such investigation the validity of Sir Stafford's estimates must also be checked. The only possible way to assess the true value of currency and goods, if exchanged, is to allow the owners to exchange them freely. To assert that this is impossible “in modern conditions” could not be more obviously absurd than in the present instance when it is scarcely three years since this frontier was not even known. We might as logically assert that it is impossible for people in England and Wales to exchange goods without tariffs and currency control between the two countries. The economic madness of India and Pakistan constitutes a significant example in which other peoples might see as in a brief film the madness of their own Government's policies, which differs only in length of time.

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clearly, in the journals of his profession. We were indebted to him for his able paper, *The Riddle of Modern Society*, presented at our Edinburgh-International in 1929. LAND & LIBERTY, February, 1928, carried translation of his American impressions, including his conversation on the voyage home. We were reminded of this when printing last month the famous lines from Goethe's *Faust*. (Unfortunately, there were some orthographic errors which we wish to put right.) For its interest, we give the whole conversation now. In the years that have passed, is the picture any different, let it be drawn to-day by some visitor with equal knowledge and perception?

On the ship on his way back to Germany from America, Carl Marfels fell into conversation with an American, who seemingly saw at first glance that he was foreign and