

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

without hesitation asked him: "How did you like New York?"

Carl Marfels reported the conversation in his own words:

I: "I was immensely impressed; all the same I am glad I don't have to live there."

He (surprised at this answer): "Perhaps you are not a friend of liberty?"

I: "On the contrary. I worship liberty with all my heart and soul."

He: "Then New York should have been a real heaven to you."

I: "Does liberty exist anywhere in the world? I mean, the liberty that does not begin and end with the ballot paper, but is synonymous with justice. Does it harmonize with the frightful conditions to be found in the poorer quarters of the cities?"

He: "Are we not the freest people in the world? Does it prove our belief in equality that titles and distinctions are unknown in our country—that every four years we can elect the legislators and public officers of our choice?"

I: "Yes, I have observed that in all such respects the greatest equality and complete freedom obtains. But in one respect, the most important of all, it is conspicuous by its absence."

He: "And what is that?"

I: "The same as in my country. A minority is enabled, in quite a law-abiding way, to appropriate a considerable part of the income of their fellow men."

He: "What do you mean by that?"

I: "Would you say a people was free and loved justice if it allowed a section of its citizens to say 'The air belongs to us'? With the result that everyone else had to pay ransom for the right to breathe?"

He: "No, I would look on such a people as anything but free and in a very sad state."

I: "Quite right. But is it not a fact that also in your country a section of the people lay claim to exclusive property in an object of more consequence than the air, namely, the land? And not only the surface of the land but also all the treasures underneath—the ore and coal deposits, the petroleum springs, the minerals and other natural resources?"

He: "Is that so bad and so unjust?"

I: "Bad, certainly, and unjust, too, objectively; since the payment the disinherited of this world have to make to the owners of land mounts into the thousand millions. That is why the earnings of labour never rise and why we find undeserved poverty everywhere. It is responsible for the struggle for existence that becomes more bitter every day; the increase in crime and the destructive tendencies that menace the life of civilization itself."

He: "I take it you are a Socialist if not indeed a Communist."

I: "Far from it. Those schools of thought perceive that our economic system is out of order, that something is wrong when labour, the producer of all wealth, cannot find employment. They know that the facts won't agree; on the one hand we are able to produce far more than we require; on the other hand, we see widespread poverty and misery. But they do not know *where* the defect is. In their efforts to bring about better conditions they make no distinction between things mankind produces that may

therefore be possessed as private property and things that by the law of God and justice belong to all, like the land and the air. They see no other way to deal with the present evils than to nationalize everything and put the whole people in an economic compound, as it were."

He: "Suppose you are right, what is your plan? Have not the present owners of the land got their property by lawful means? Will you take it from them without compensation? And how are you going to see that everyone gets his share of his native land?"

I: "Let it be granted that the present owners have acquired their property in land, coal, minerals, etc., in a perfectly honourable way (I myself own a house and garden), by what right could our forefathers make the Earth an article of sale? How could they give away for ever the natural rights of succeeding generations and subject the land to the huckstering traffic of the market place? And even if they did so by legislative act, have we not the right to annul such act by another legislative act? Was not slavery an injustice permitted by law and was it not also abolished by another law, and by your own country? The way to establish just conditions is assuredly *not* to give each person a piece of the Earth's surface (that would only be a new injustice to future generations) but to secure to each living person and to the yet unborn his or her share of the economic rent that attaches to the land. This would suffice to replace all taxes and tariffs and, in addition, render possible the production of wealth in such degree that every person would be assured an ample income, lifting him above all material cares."

He: "And what have you to say about compensation to the landowners?"

I: "That problem is solved in a way that will be to the advantage of all the people. You only need to read the book written on this most important of all questions by one who is not only the greatest of your countrymen, but also without exaggeration one of the noblest men and clearest thinkers of all time—the book, *Progress and Poverty*, by Henry George. It will reveal to you as nothing else has done the full significance of the words of Goethe in *Faust* :—

Es erben sich Gesetz' und Rechte
Wie eine ew'ge Krankheit fort;
Sie schleppen von Geschlecht sich zum
Geschlechte,
Und rücken sacht von Ort zu Ort
Vernunft wird Unsinn, Wohlthat Plage;
Weh dir, dass du ein Enkel bist!
Vom Rechte, das mit uns geboren ist,
Von dem ist leider nie die Frage.

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Laws and rights are handed down,
Inherited like lasting ills,
From age to age they drag their course,
And stealthy spread from place to place.
Make sense to nonsense; good deeds a drudge.
Woe's thee, that thou art child and heir!
That right we have by fact of birth
Of that, alas, there's ne'er a word.

A. W. M.