

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.

F. D. P.

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-

creased from \$6 per year to \$72,000 since the tariff against them was reduced by half at Geneva in 1949, and of china for kitchen and table use, imports of which have risen to a value of \$3.5 million since the tariff was reduced from 45 to 35 per cent.

In addition to the British memorandum the Italian Government sent a "sharp Note" to Washington, expressing resentment of American tariff restrictions imposed on cheese, almonds and hats. Six other Governments sent a joint protest to Washington against the higher American tariff on dairy products.

The Belgian Government has taken more drastic action. In "retaliation" for United States tariff increases on fur for the manufacture of hats it has withdrawn the "tariff concessions" valuable to American exporters of industrial wax (used in Belgium mainly for protecting car bodies prior to painting) which were negotiated in 1947. Holland and Luxembourg, who with Belgium form the Benelux Customs Union, will follow suit. According to the *New York Times* "a Belgian Government source confirmed that the action had been taken after due deliberation in the belief that the United States must be made to realize that it could not continue unilaterally to withdraw concessions negotiated in good faith with other contracting parties to the General Agreement on Tariffs and Trade."

Because the American must pay more for his home-produced hat, the Belgian is to be obliged to pay more for his Belgian-made car. Relations between two friendly nations are exacerbated and an industrial wax industry—in Belgium or elsewhere—will have to be established or an existing one, less efficient than the American, will receive fresh impetus to increase uneconomic production to meet the demands of the Belgian motor industry. Workers in the efficient American industrial wax exporting industry will go on short time so that the uneconomic American hat fur industry may receive its special tariff privilege, while in Belgium, or elsewhere in the world, workers will be drawn from more productive employment to make industrial wax.

If the American people were aware of the burning grievances in Europe, and their own exploitation by the subterranean activities of small, powerful pressure groups lobbying in Washington the outlook for international trade and friendship would be brighter. But instead, according to Alistaire Cooke writing in the *Manchester Guardian*, May 8, the American press generally, with the notable exception of the *New York Times*, has kept singularly quiet about the "wave of new protectionism in Congress" which has broken with a roar over Europe, and the public is ignorant of the harm which may be done in their name.

The situation is charged with irony as well as with danger. With typical trans-Atlantic generosity the American people allow themselves to be taxed as never before to pour out grants and loans to Europe. Their fear of Communism has led them to put faith in schemes to raise the living standards of the "backward areas" of the world which alone, they assert, will arrest and reverse the spread of Communism. Yet unless they restrain their tariff-mongers their own living standards will fall, rising unemployment figures in Europe will force European governments to interfere further with industry and trade, discontent will pave the way for Communist propagandists and an all-out tariff war will be difficult to avoid. P.R.S

LAND SETTLEMENTS IN ISRAEL

Information about the new villages and settlements in Israel set up through the "National Land Fund" was given in the statement by Mr. M. R. Kidron to the United Nations Second Committee on Land Reform at its meeting in Paris, January 8, 1952. We are indebted to Mr. Harry Ziadés, Press Officer, Delegation of Israel to the United Nations, 11 East 70th Street, New York, for a copy of the Press Release. The facts as related, and without comment here on our part, supply answers to many enquiries we have received.

Mr. M. R. Kidron, after general reference to the primary importance of land reform and to the intensive study being given to it under the auspices of the United Nations, goes on to describe what has been done in Israel in this connection:—

"The most usual system of land tenure which has been adopted in Israel is based on nationalisation of a unique kind. I say most usual because private ownership of land does also exist. The land under the nationalised system is not owned or administered by the State, but by a public body known as the Jewish National Fund whose rights to acquire and dispose of land are defined by statute. The Fund is financed by voluntary contributions and loans, and the land it acquires, whilst regarded as the inalienable property of the nation as a whole, is leased out on long lease to individual tenants.

"The conditions under which land is leased to the individual tenants are flexible, although based on certain fixed principles. As enumerated by Professor Alfred Bonne of the Hebrew University in Jerusalem, they include the following:—

'The first principle is the national (or public) ownership of the land itself. The principle implies a prohibition of resale of land and a right of control through the Fund if the *usufruct* passes from one tenant to another. The lease is contingent upon the annual payment of rent, which means at the same time that the National Fund retains its position as land-owner, and the tenant acknowledges his status as a tenant with all the rights and duties involved. The tenant is subject to certain obligations and restrictions; thus the land is protected against over-utilisation; if there is a rise in land values, a new evaluation may take place and lead to a higher rent being fixed. If by changes in the technique of cultivation the size of the farm proves to be too large—which happened frequently in the past with the spread of irrigation—the tenant has to consent to reduction of the area allotted to him.

'In the lease contracts the use of the land is always specified: for agricultural cultivation, for the establishment of a factory, for a house or school building, etc. These terms cannot be changed without the permission of the Fund. Likewise the tenant cannot transfer his rights to another tenant if the Fund is not agreeable. The contract is made for a period of reasonable length (49 years) in order to create a sense of confidence in the heart of the tenant and to encourage him to invest. If the tenant reaches the final year stipulated in the contract, he can ask for another 49 years' prolongation, which means that the property may be easily held in one family for generations.

'The annual rent depends on the value of the estate. In the case of agricultural land it is