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Platitudes

SPRING is a platitude. It rolls in over the winter rocks, beaten back, breaking, swirling through the crevices, yet flowing up from the Carolinas as inevitably as the tide. Platitudes have to be spoken of all incessant growth, of healing and recovery, of confidence and hope. It is a platitude to say that simple satisfactions outwear complex worries. It was platitudinous of Socrates to choose to sit under the plane trees near a brook. It was platitudinous of Jefferson to say that the best government was one which was least in evidence. It is a platitude to thank heaven that Shakespeare wrote plays, instead of discussing (with Bacon) the new philosophy of the Renaissance, or exercising his originality upon the relation between the rising prices of the Elizabethan era and the exuberance of Marlowe, the confidence of Spenser, and the hearty optimism of Ben Jonson.

Permit us, then, a platitude which is not the less sincere for being true. This hurly-burly year of 1933, acute in its anxieties, exciting in its march of events, disturbing in its aspects of revolution and the decadence of the civilized mind, is not historically, if history means men and not merely events, precisely what it seems. In spite of inflation and the gold standard and the farm bill and Hitler and the Reds, the swamp cabbage pushed up as usual in April, and the dogwoods are getting ready to bloom on the trap ridges of Connecticut. An egregious platitude, yet there are times when some folk must have platitudes pushed down their throats to counteract windy indigestions.

Goethe kept his head in the Napoleonic disturbances. It is not easy. With newspapers as exciting as they were in war time, with magazines crowded with important articles of topical reference, and with the most interesting books those dealing with economics and politics, it is difficult to remember that, howsoever important, these storms and flurries are transient,—their important effects for culture being best measured not in theory, and often not even in practice, but in literature and the arts. This is no counsel of the ivory tower, nor encouragement of the mind seeking protection from external stress and escape from immediate decisions, but rather an appeal to the sense of proportion, which tips its balance so easily in times like these. "Dost thou think, because thou art virtuous, there shall be no more cakes and ale?" has the occasional wisdom of fools. The history of Puritanism in England was digested into that sentence. Because currency ratios and the curve of prices have become the staple of ordinary conversation, because leaders conditioned by one economic era are floundering in a new one, because youth having known only the uncertainty of a boom and the distress of a collapse assumes crisis as a norm of living and distrusts all values because the values it has known have been shaken or obscured—because of all this, is philosophy less desirable, literature less worthy of pursuit, or the arts less relevant to the needs of mankind? To answer "not a whit" is platitudinous,—yet if the gold standard is shaken, platitudes, good platitudes, are still sound.

It is the misfortune of the reflective mind today that pricks and throbs come so constantly from the electricity of events that it is impossible to be both detached and human. Yet to paraphrase a famous

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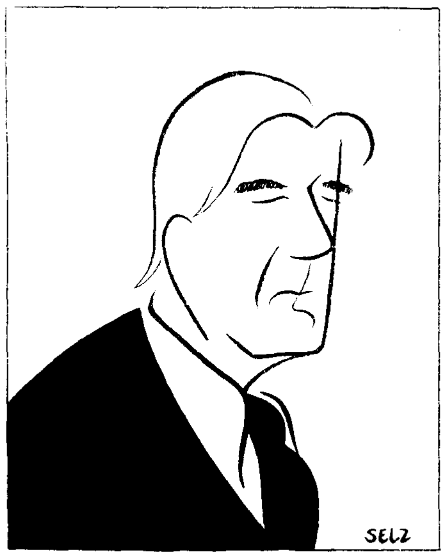

NORMAN DOUGLAS.

Mr. Douglas At Home

LOOKING BACK. By NORMAN DOUGLAS. New York: Harcourt, Brace & Co. 1933. $3.50.

Reviewed by TEMPLE SCOTT

WHEN a man has attained his Grand Climacteric, as Norman Douglas has, he has reached a position from which he can take a fairly long view in looking back on his life. If he indulges himself in this pastime of retrospection for his private delectation that is his own affair; but when he invites other people to share with him in his pastime by recording his experiences we naturally expect that he has something to tell us either for our benefit or our interest or our entertainment. Especially do we expect this when our host is so accomplished a raconteur as is the author of "South Wind" and "Old Calabria." Well, I have accepted Norman Douglas's invitation and have read "Looking Back," and I now gladly bear witness to having enjoyed an entertainment of a kind I have never experienced before in the reading of any autobiographical excursions I have taken in many years. I think my enjoyment has been due to Douglas's art in telling his experiences, for it has brought to me the zestful and courageous spirit with which he himself first encountered them. I have been living his experiences in his recitals of them. They have made me wish to have been young again.

Douglas's method of procedure is a novel one. For many years he had kept the calling cards left by friends and acquaintances. He now uses these calling cards as captions to his lucubrations and, so guided, he has taken that "promenade into the past and into regions which I shall

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Escape to the Hills

By ARTHUR DAVISON FICKE

FLEE to the hills! There still is time,
For men not wholly mad, to save
Their souls from the recurrent crime
Of being fool as well as knave.
Let men who have already died,
Not you, make second suicide.

The captains and the kings depart,
And duller villains eat their bread.
But you within whose secret heart
The pulse of new life is not dead,
Flee, flee!—before this clamor kills—
Into the silence of your hills.

Inflation or Bust*

By JOHN CHAMBERLAIN

IN the palmiest days of the Manchester school in America, cheapness was a main economic desideratum among the professors and journalists who persistently plumped for free trade. It is easy to apply the Marxian formula to these molders of public opinion, to see in their desire for access to the cheapest world market possible a mere reflection of self-interest. For professors, as a class, are on fixed salaries. When the price trend is down, they can buy more. Bound up with the free trade dogma of the nineteenth century American intellectual was the hard money policy. Godkin, the great editor of *The Nation*, persistently backed the Cleveland democracy, whose politicians argued both for lower tariffs and rigorous adherence to the gold standard. This gold standard, before the development of the Rand fields and the discovery of the cyanide process, also meant declining prices—cheapness which was beneficial to those on fixed incomes.

Today, all is changed. The professor on a fixed salary, the widow who has invested in gilt-edge railroad bonds, the creditor who holds the farmer's mortgage, has the very devil of a time making up his or her mind as to what constitutes self-interest. The professor visualizes himself taking a forced and wageless sabbatical unless prices go up to an extent that will permit farmers to make a profit on wheat, and, in turn, send their children to college. The widow worries about the time when the railroad, with earnings on their way to the vanishing point, will be forced into bankruptcy. The insurance companies that hold farm mortgages see themselves becoming landlords under compulsion, possessing acres which can't be sold for more than a song, and policy holders whose beneficiaries can't live on music. And so, as deflation grinds on, these traditional hard money people are torn two ways: they hate to give up the delights of cheapness, yet they want dearness (just enough of it) to come back before their titles to wealth suddenly vanish in repudiation.

The result of the dilemma is confusion in political alignments. The debtor farmer is practically alone in asking for an inflation that is not hedged about with all sorts of restrictions. Wage earners want enough inflation to guarantee them their jobs, but not enough to raise the price of foodstuffs to a point that would genuinely benefit the farmers. But no matter what one's personal position, the country is virtually of one mind on one specific subject: the way of the radical deflationist is too hard to be borne. For the radical deflationist must be willing to see insurance policies and bank deposits cut along with bonded debt. If the radical deflationist wants his mortgage charge reduced, he must be willing to see his savings account in the bank (which holds the mortgage) scaled down. He must be willing to look human misery in the face and like it, for complete deflation does not consider ways and means of putting purchasing power in the hands of the 15,000,000 unemployed.

The several books listed below all touch upon the enigmas of inflation. All of them recognize that there must be an improvement in the price level. Messrs. Woodward and Rose, John Maynard Keynes, Irving Fisher, and possibly Mr. Sparling, are, variously, for managing money in such a way as to stabilize the world price level at an agreed upon basis, say, that of 1926. They are all aware of the difficulties confronting them. "Certainly," say Messrs. Woodward and Rose, "someone must pay out huge sums to consumers if we are ever to emerge from this depression." How is this to be done? Mr. Keynes argues, with a fine display of logic, for increased public works. If new expenditure for public works is additional, and not merely in substitution for other expenditure, the increase of employment doesn't stop with government hiring. Additional wages are spent on additional purchases, which in turn lead to further employment. Moreover, this does not necessarily work an undue and permanent tax hardship on those whose incomes have continued to exist during the depression. If, as Mr. Keynes says, a primary annual expenditure of one hundred pounds per unemployed man will directly increase British incomes by two thirds of this amount, i.e., by sixty-six pounds, there will be a direct relief to the budget. Some of the income will go to men hitherto supported by the dole. Some will go to salaried professional classes, some to wage workers who have not been on the dole. The increased payment to these latter will also increase the taxation points, and the

* THE MEANS TO PROSPERITY. By JOHN MAYNARD KEYNES. New York: Harcourt, Brace & Co. 1933. Thirty cents.

INFLATION: WHAT EVERYBODY WANTS TO KNOW ABOUT IT. By DONALD B. WOODWARD and MARC A. ROSE. New York: Whittlesey House, McGraw-Hill. 1933. $1.50.

THE PRIMER OF INFLATION. By EARL SPARLING. New York: John Day. 1933. $1.50.

BANKER'S GOLD. By EDGAR LAWRENCE SMITH. New York: Simon & Schuster. 1933. $1.50.

MEN WITHOUT MONEY: THE CHALLENGE OF BARTER AND SCRIP. By WAYNE WEISHAAR and WAYNE W. PARRISH. New York: G. P. Putnam's Sons. 1933. $1.

STAMP SCRIP. By IRVING FISHER. Assisted by HANS R. L. COHRSSEN and HERBERT W. FISHER. New York: Adelphi Co. 1933. $1.50.

This Week

Next Week, or Later

Exchequer will benefit. This all sounds somewhat paradoxical, but, as Mr. Keynes works it out, it is not illogical. For expenditures multiply expenditures, and in the Alice-in-Wonderland world of modern economics he may be right.

Messrs. Woodward and Rose are also in favor of a government spending program. They are against immediate devaluation

gold to, say, 15. In a recent *Nation* article, Henry Hazlitt has argued for devaluation, by international agreement if possible, by ourselves if world action is not feasible. Mr. Hazlitt's argument depends for its logic on the psychological value of gold as a stabilizer. Prices would rise after devaluation, he says, because the prices of wheat, copper, cotton, sugar, silver, oil, etc., are "international." A commodity exchanging for the equivalent of 23 grains of gold in the world market would, under devaluation, still tend to exchange for the same amount of gold, but 23 grains of gold would no longer be a dollar.

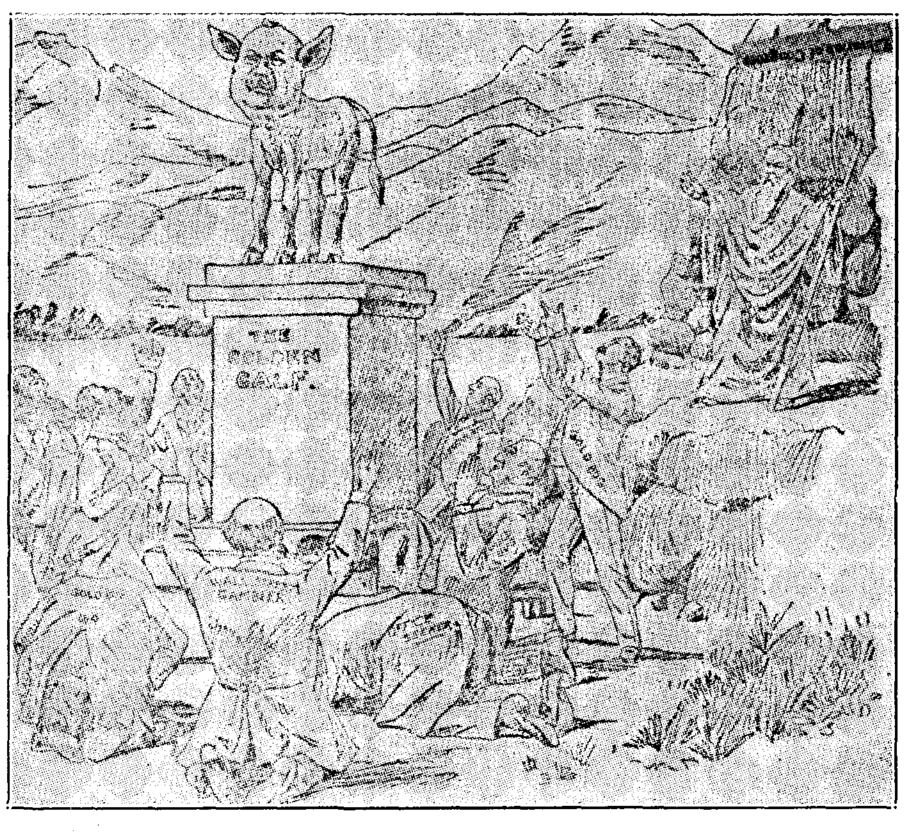
Granted that devaluation if undertaken by international agreement would result in a rise in the price level, Messrs. Woodward and Rose seem to have a good case against undertaking this step by ourselves. For when nations cut prices to meet competition, other nations follow suit. Tariffs and equalization funds are resorted to in the effort to preserve balances of trade threatened by competition. And devaluation of the dollar would not necessarily increase the number of dollars in the hands of consumers.

Mr. Hazlitt's argument for devaluation is also an argument against the quantity theory of money. Other things being equal, he says, if you cut the number of grains in the dollar in half, then the price of commodities, being an expression of a ratio to gold, will tend to double. There will be no necessity to pump purchasing power into the economic system, for the simple reason that increased prices will create credit in the natural course of events. A farmer who is getting more for his wheat will be able to borrow at the bank for tractors, for the banker will see that the farmer is making a profit. Credit will come into existence by a reversal of the process that decreased bank credit by twelve billions between 1929 and 1933.

The force of Mr. Hazlitt's argument rests on an analysis that considers the existence of commodity surpluses to be illusory. If there are no surpluses, then a changed ratio of gold to the dollar would,

undoubtedly, other factors being theoretically equal, have its impact on the price level. It is here that argument enters. Charles Merz, for example, thinks it will be an extremely difficult process to manage a sustained inflation in the United States. In Germany, after the war, inflation was easy. The German industrial machine had been gutted by four years of

disrepair. When the inflation commenced, there were no surpluses hanging over the market to depress rising prices. But in the United States, there is the question of excess plant, called into being through commitments made in the boom years. With steel production now ranging between fifteen and thirty percent of capacity, it is obvious that the market could be glutted with new steel overnight. Has anyone un-



dertaken a survey to determine just how easily the "automatic sprinkler" of excess plant, wheat and cotton and copper surpluses, and capacity for future rationalization, would put out the fire of a moderate, "controlled" inflation? None of the books on inflation consider this aspect, which seemed fundamental to Thorstein Veblen, who saw industry functioning under a constantly falling price level.

Three of the books under discussion here treat inflation from the historical point of view. John Law, half-genius, half-charlatan, figures prominently as the banker whose inspired monkeyshines with the Mississippi Company in the Paris of Louis XV. touched off the fuse which eventually exploded the bomb of the French Revolution. The experience of the French with the *assignat* and *mandat* money, based (the Technocrats will be glad to learn) on public lands confiscated by the Revolution, forms the substance of warnings by these writers. Our own Civil War greenback inflation is ably discussed by Messrs. Sparling, Woodward, and Rose as an example of "controlled" inflation. The Woodward-Rose book is sensitive to the role played by Lady Luck in all our currency difficulties. Alexander Dana Noyes of the *New York Times* has ascribed, more than once, the relative good times of the 1880's in America to the resumption of specie payments for greenbacks, but, as Messrs. Woodward and Rose point out, this is abstracting only one factor from a more complex historical situation. It is equally true that we were enabled to resume by a terrible crop failure in Europe that coincided with a bumper crop in the American West. Europe bid desperately for our wheat, our unfavorable balance of trade was reversed, and gold flowed to New York. The hand of God broke the panic of the 'seventies. Today we are beginning to wonder at luck's persistent hiding. Hence the Roosevelt administration's attempt to substitute a farm bill for the forces of nature.

Prescriptions in these books vary. Mr. Sparling warns that inflation, while it raises the prices of raw materials, bears down hard on wage earners, and is apt to ruin the middle classes if it gets out of hand. Any improvement in foreign trade resulting from inflation is at the expense of labor. Manufacturers find they can sell abroad because exchange rates make it

what the manufacturer does sell is, thus, made at less expense. As Oscar Ameringer says, capital and labor get together to smoke a cigar, but labor gets the snipe. The realization of this has prompted President Roosevelt to warn manufacturers that a price rise should be coupled with a commensurate wage rise if the country is to benefit from inflationary measures.

Mr. Smith's prescription is, virtually, that advocated by Justice Brandeis in 1913. He wants a separation of investment and commercial banking, an end to "financialism." Commercial credit should be put in the hands of an expanded national banking system. Mr. Smith says somewhere that "banking began as fraud." He wants bankers to become honest men. Messrs. Woodward and Rose are not so much concerned with honesty as they are with a stabilized price level. They point, vaguely, to the "managed currency" ideal. Irving Fisher, and Messrs. Weishaar and Parrish by inplication, are also for managing the currency to maintain a stable price level, such as that of Sweden. None of the books explains how Sweden does it; an enterprising publisher should turn to that next, and popularize Cassell.

Professor Fisher's stamp scrip is an ingenious device to compel the circulation of money. Requiring, as it does, the affixing of a stamp once a week, holders of this "dated" scrip are quick to get rid of it before stamp day rolls around. Professor Fisher wants it issued in small quantities as a means of "priming the pump." Banks, he says, could be made to accept it provided they be allowed to discount it at two percent or more in order not to have to pay the tax.

None of the writers is, as we have suggested, very definite as to means of controlling the price level. They may speak of prices based on a "commodity index." Presumably they would control prices by moving the bank rate, or rediscount rate, of the central banks up and down to prevent or encourage the flow of money into the making of capital goods. But none of them encounters John Strachey's objection to this. Mr. Strachey, in "The Coming Struggle for Power," has argued that the bank rate is often called upon to control two mutually exclusive things. For example, it may be necessary to raise the rediscount rate to prevent money from flowing out of the purchase of consumption goods and into Wall Street for broker's loans. But high money rates may, at the same moment, attract foreign gold, create disturbances in world balance of trade, and end by producing panic. Does controlling a price level, then, mean autarchy, national interference with the international movement of capital? If it does, it may mean eternal Fascism.

Mr. Keynes's proposal for world revival

successfully manipulate the machinery of the League of Nations to build herself an eastern wall of allies about Germany, then what is to prevent the same struggle for hegemony within the board of directors of the world bank? What, indeed?

Grand Old Blackguard

SIR HENRY MORGAN: BUCCANEER AND GOVERNOR. By W. Adolphe Roberts. New York: Covici-Friede. 1933. $3.

Reviewed by Catharine Young

MR. ROBERTS has chosen an alluring, though difficult, subject in Sir Henry Morgan's amazing career, and has handled it with verve and skill. Today it is difficult to realize just what a bloody, orgiastic business seventeenth century buccaneering really was, and so Henry Morgan, the master mind of the buccaneers, the unsurpassed freebooter, who was yet a loyal servant of the Stuart dynasty, who was knighted by Charles II, and who was three times governor of Jamaica looms from his tumultuous period of history as a figure incredible, almost fabulous. Yet his career was not all romance. England was muddling her way into a definite colonial system in the seventeenth century, and in its development Sir Henry played his part.

Mr. Roberts has sifted the regrettably scanty source material, has weighed the existing authorities pro and con, and has come to his own conclusions. He paints Sir Henry in the unembellished fashion so admired by Oliver Cromwell—with all his warts—and the result is that the reader closes the book with a sneaking fondness for the old blackguard. The author's habit of introducing conversations which, although true enough to the spirit of the times, are purely imaginary, injects an element of fictionization which is generally regarded as incompatible with the dignity of "serious" history. Yet that very element adds much to the readable quality of the volume.