

possible the building of the Panama Canal. In a public address he said:

"Sanitation in my mind has been very closely associated with Single Tax. I am a Single Taxer, I think, because my life work has been that of sanitation. Sanitation is mostly needed by the class of people who would be most benefited by the Single Tax. That poverty was the greatest single cause of bad sanitary conditions was very early impressed on me. . . . At Panama the Commission found that in order to attract labour to the zone they had to increase wages, and within a very few months double the wages of the manual labourer. It does not take more than a moment of thought to show how such a measure acts and reacts. Results take place in many directions, but particularly with regard to increasing the ability of the people to live well and get better food and better clothing. While dwelling upon such thoughts as these I came upon PROGRESS AND POVERTY. I was greatly impressed by the theory and was soon convinced that the Single Tax would be the means of bringing about the sanitary conditions I so much desired, and was striving for. It was impressed upon me in a concrete form everywhere, in the United States, in the Tropics, and particularly in Panama, and the great benefit that some such scheme of taxation would confer upon sanitation."

A True Civilisation.

It is the opportunity to put in force the Single Tax and establish a true civilisation that will make Zionism so well worth while. Without determination to take advantage of this opportunity the movement must prove more or less a disappointment. Without the Single Tax the Jewish state at its best will be little else than an imitation of other nations, having some advantages, but afflicted with all the evils that spring from poverty and destitution. Zionists should be satisfied with nothing else than the establishment of an ideal commonwealth and should insist on every measure that will help to make the ideal real. "That ideal," as Henry George said, "is not satisfied with a republic where, with all the enormous gains in productive power, labour is ground down to a bare living and must think the chance to work a favour; it is not satisfied with a republic where prisons are crowded and almshouses are built and families are housed in tiers. It is not satisfied with a republic where one tenant for a day can warn his co-tenants off more of the surface of this rolling sphere than he is using or can use, or compel them to pay him for the bounty of their common creation. It is not satisfied with a republic where the fear of poverty, on the one hand, and the sight of great wealth, on the other, makes the lives of so many such a pitiful straining, keeps eyes on the ground that might be turned on the stars, and substitutes the worship of the Golden Calf for that of the Living God! It hopes for a republic where all shall have plenty, where each may sit under his vine and fig tree, with none to vex him or make him afraid; where with want shall gradually disappear vice and crime; where men shall cease to spend their lives in a struggle to live, or in heaping up things they cannot take away; where talent shall be greater than wealth and character greater than talent; and where each may find free scope to develop body, mind, and soul."

Do not we Zionists want the honour of giving to the world a commonwealth of that kind? Unless we do, the cause of justice for Jews and non-Jews can be better served by confining our work to improvement of commonwealths already existing.

THE DEBT, THE INFLATION OF PRICES, AND MR. LLOYD GEORGE'S PROGRAMME

Two committees have recently reported on the vexed questions of currency, foreign exchanges, the inflation of credit, the increase of prices and the restoration of the gold standard. These are the Committee on Currency and Foreign Exchanges, presided over by Lord Cunliffe, and the Committee on the Provision of Financial Facilities for Trade after the War, presided over by Sir R. Vassar Smith. Their Reports are worth study, although the subject is technical and difficult. It has already been pretty thoroughly thrashed out in our own columns, and we find practical unanimity between the views we then expressed on the question of currency and prices with the opinions expressed in these Reports. A few extracts will suffice to indicate what an artificial financial world we have been living in and what precautions must be taken to reach again a natural state of affairs. Lord Cunliffe's Committee states:—

"It is not possible to judge to what extent legal tender currency [the Treasury Notes] may in fact be depreciated in terms of currency. But it is practically certain that there has been some depreciation, and to this extent, therefore, the gold standard [the sovereign having 20s. worth of gold in it, no more and no less] has ceased to be effective."

"A large part of the credit expansion arises from the fact that the expenditure of the Government during the war has exceeded the amounts which they have been able to raise by taxation or by loans from the actual savings of the people. They have been obliged, therefore, to obtain money through the creation of credits by the Bank of England and by the Joint Stock Banks, with the result that the growth of purchasing power has exceeded that of purchasable goods and services. The continuous issue of currency notes is inevitable in such circumstances."

"We recommend that at the earliest possible moment an adequate sinking fund should be provided out of revenue, so that there may be a regular annual reduction of capital liabilities, more especially those which constitute the floating debt. We should remark that it is of the utmost importance that such repayment of debt should not be offset by fresh borrowings for capital expenditure by the State in many forms for reconstruction purposes."

"It is essential to the restoration of an effective gold standard that the money for such expenditure should not be provided by the creation of new credit, and that, in so far as such expenditure is undertaken at all, it should be undertaken with great caution. . . . This caution is particularly applicable to far-reaching programmes of housing and other development schemes."

"The device of making money cheap by the continued issue of new notes is altogether incompatible with the maintenance of a gold standard. Such a policy can only lead in the end to an inconvertible paper currency and a collapse of the foreign exchanges, with consequences to the whole commercial fabric of the country which we will not attempt to describe. This result may be postponed for a time by restrictions on the export of gold and by borrowing abroad. But the continuance of such a policy after the war can only render the remedial measures which would ultimately be inevitable more painful and protracted."

Sir R. Vassar Smith's Committee point out that "as there is no legal limit to the amount of currency notes which may be issued, there is no automatic check upon the expansion of credit. The very large extent to which expansion has taken place is shown by the fact that whereas the total deposits at the banks of the United Kingdom amounted at the end of 1913 to £1,070,000,000, the amount of deposits is now nearly £2,000,000,000. The enormously increasing purchase power thus created has been one of the main factors contributing to the general rise in prices. The Committee expresses the opinion that it is essential for the reconstitution of industry and commerce to impose

restrictions as soon as possible upon the creation of additional credit. It recommends the cessation of State borrowing as early as possible. It recommends, also, with a view to the gradual reduction of credit inflation arising from the enormous volume of short-dated Government debt, that the State should undertake funding operations at an early date for that purpose."

The "funding" of the numerous debts incurred by the State is the process by which existing loans of short date, or terminable in a given number of years, are converted into one single "consolidated" loan which is not terminable. It is as if a prodigal, who had contracted debts with all the neighbours down his street and had promised to refund the debts after given periods, could not pay off his debts except by incurring another. It would be convenient to him if he could find some one willing to lend him the whole sum he owed to others, not promising to repay the principal at any time, but undertaking instead to pay interest as long as he lived, further binding his heirs and successors to go on paying interest. Before such an imaginary contract could be made the creditor would have to be sure of the debtor's ability to go on paying and guaranteeing interest indefinitely; nor would the debtor, even although on the verge of bankruptcy, be likely thus to pledge himself for all time unless the interest due from him was at a lower rate than the interest on a short loan.

The argument as applied to an individual is, of course, only theoretical. It would be practical enough if the debtor and the lender had everlasting life. Governments, however, in the financial sense do not die—unless they repudiate one another's debts. They can borrow against the everlasting future and throw a permanent burden on taxpayers living and taxpayers to be born. They do so by funding or consolidating their debts, choosing a suitable opportunity; that is, when lenders can be found willing to accept a permanent loan at a low rate of interest, in exchange for the short Government loans—loans held by them at a rate of interest which they cannot hope will continue to obtain in the market.

Those who are interested in National Debt problems may be advised to watch events. The liabilities of the State are so enormous that "funding" will be on a correspondingly enormous scale. Possibly, at the same time, other complications will arise of a serious nature. Funding may be an opportunity to make terms with the financial interests and to adjust their liabilities as taxpayers to the revenue they derive from the dividends on the loan. The plea may be that it is a new loan, perhaps a "Peace Loan," that there will be special circumstances, the need for an annual rate of interest as low as possible, reminders as to the value of good security and unchallenged State credit, and many other grounds for "not taking any man's property away"—all arguments leading to the inevitable conclusion that it would be the wisest policy to exempt the new loan from any taxation, present or future, either on the dividends or on the stock, and issue it on that understanding. This is what the advocates of the so-called "Capital Levy" may be prepared for, and as far as we can judge their agitation is leading directly to that issue.

This glimpse into the future, and perhaps wild guess at coming developments, is made, it must be said, without prejudice to Mr. Lloyd George's General Election cry for a 24,000 million indemnity from Germany, by which the Germans shall "pay for the cost of the war" as a defeated litigant pays the costs of a law case; to pay it without "dumping" any goods on the payee, and to be thankful that owing to our economical conduct of the war the sum is not very much more. What a pity there were not more cases of money thrown away, more wasteful expenditure, more profiteering, and more unearned gains for land monopolists and contractors! What would it have mattered? And in view of a 24,000 million indemnity, why should Lord Cunliffe's and Sir R. Vassar Smith's

Committees show any anxiety about such trifles as the inflation of credit or the restoration of the gold standard? The Germans will see to that! In paying "the costs of the war" they will pay back the money lent through bank credits and (in the main) by our well-to-do citizens; they will enable us to call in all that vexing paper money. They will make good all the war taxation, of which the people of the United Kingdom, being relieved, will hand over in equal amount to the landowners of the United Kingdom. For if we had no taxes to pay, would not rent be so much higher?

However, the question of the indemnity and its amount not being settled yet, it will be wise to note, meantime, the warning against further borrowing which both the Reports we have been reviewing have emphasised. The annual interest on the debt must be paid, the debt itself must be liquidated, the expenses of pensions and demobilisation must be met, payment must be found for the normal requirements of administration, the paper money (now exceeding £320,000,000) must be retired in large measure or covered in large measure by gold. Where are the revenues to come from for all these purposes? What kind of taxation do the Government propose, or do they contemplate more loans? Is it tariffs and still more paper money? Not a word on the subject has fallen from any Government spokesman. Ignoring financial dangers and financial collapse, they have indulged in an orgy of promises and commitments. The "State" will find the money, somehow, even if the Paper Controller and the printing machine must work overtime, even if credit must be manufactured or faked. Despite the need for every caution, we are to embark on the nationalisation of the railways and canals, on the purchase of land "at full value" for soldiers and sailors, on large grants of public money for 400,000 or 1,000,000 houses, on subsidies to keep the Corn Production Act going, on afforestation and reclamation, on financial help to county councils to let small holdings at uneconomic rents, on expenditure on a great electric power scheme, on light railways in rural districts.

We do not know if we have exhausted the list of all Mr. Lloyd George is going to do with "public money" which drops from the sky (or from Germany). We hope we have not made him seem less modest than he is, but these are some of the plans he has in view for the next five years. With that fantastic and impossible programme of reconstruction—not to speak of his extravagances in other directions—he has made his bid for power. Vainly has he protested that the long and lavish State purse is the means by which the Parliament he has got will be possessed of the necessary authority and unity of purpose to deal effectively with the grave problems that will confront it. This events will speedily show. A. W. M.

The three thousand branches of the Rural League, of which Mr. Jesse Collings is President, and Captain Sir Beville Stanier, M.P., Chairman, have been asked by the Executive to support the Premier's rural reform proposals at the coming elections. Mr. J. L. Green, the Secretary of the League, writes in a communication to the Press: It is most satisfactory that at last we have a Prime Minister with sufficient insight, moral strength, desire, and determination to tackle the problem and in a way, I am pleased to say, which raises no class antagonism. Let us see that we do all our utmost to give him the voting strength, the working majority, he needs.

This is quite a testimonial, and from an approved source!

In a case heard before Mr. Justice Astbury, in the Chancery Court, London, December 16th, it transpired that the Strand Theatre was leased for 99 years from March, 1904, at a ground rent of £4,000 payable to the Duke of Bedford.