

NEW BOOKS

CENTRAL BANKING IN THE BRITISH DOMINIONS. By A. F. W. Plumptre. Toronto. University of Toronto Press. Pp. XV. 462. (\$4.00).

CANADIAN INVESTMENT AND FOREIGN EXCHANGE. Edited by J. F. Parkinson. Toronto. University of Toronto Press. Pp. IX. 292.

The literature of economics seldom keeps pace with the economic process itself. Changes in machines, in institutions, in the significance of regions and countries all seem to have become well established before the economist notices them in his books. And the reason for this literary lag is clear. Examine the economic changes in any period—a day, a month or year: some are trivial, some evanescent, some almost fantastic, some with a look of eternity. It is through these that the economy of yesterday becomes that of today, with the accent then different from now, with the incident of importance then in that place, now in this. To write about the current scene requires the ability to penetrate these sheets of many-colored glass, and to see in single grey light the economic facts that lie there. To write about past events is less difficult, for time shatters many of the colors, the trivial, the unimportant events, and insight is rendered more easy. To write about the present, the economist has a neat device: with the phrase *ceteris paribus* he can neglect the many colors, select one for his purpose, and peer through it with whatever intentness the vision behind seems to require.

These two volumes prefer the former to the latter method. They are both concerned with what has happened. They discuss the growing financial independence of the British Dominions since the last war, and the implications of this for the capital market, investment, and foreign exchange. In his task Mr. Plumptre had a special problem of insight: he was confronted also with the smoke-screen that central bankers lay down to hide their operations and achievements. Accordingly he turned more to the heredity and environment of the Dominion central banks—with excellent results. This study necessitated intensive knowledge of the post-war economic development of South Africa, Australia and New Zealand, as well as Canada. With this background he discusses the growth of central banking in each country, the controls exercised by each, and the influence of each on the volume of bank credit, on interest rates, exchange rates. His work is a contribution to the study of central banking, perhaps also an "event" in the economic literature of Canada.

The other volume—*Canadian Investment and Foreign Exchange*—is less ambitious in an analytical way. It contains lectures delivered at Toronto University by teachers, investment dealers, bankers and financial writers. It is highly informative, and descriptive of Canadian investment and exchange matters; of use to the teacher who wishes

Canadian material for students, or to the layman or investor who wishes an authoritative statement on our foreign trading, exchange position, exchange control, underwriting, the financing of industry and agriculture, the investments of Canadian life insurance companies, to mention only a few of the titles of the twenty-three lectures given and recorded here. Mr. Plumtre again appears with lectures on the Bank of Canada and the Gold Standard. The other lectures are given by men as authoritative in their subjects as he is in his.

S. BATES.

THE POLISH WHITE BOOK—Official Documents Concerning Polish-German and Polish-Soviet Relations 1933-1939; Published by the authority of the Polish Government: Hutchinson & Co. London and Melbourne.

Here we have the diplomatic aspect of the Polish-German relations during the Nazi régime, set forth in the official documents. Previously Germany and Russia had been combining to isolate Poland. Hitler changed all that. In 1933 he held out the hand of friendship to Poland, which was gladly grasped. Then when the time was ripe, after the rape of Czecho-Slovakia, the same hand was prompt to deal Poland a sudden blow in a peculiarly unprovoked and brutal fashion, thus precipitating the present war.

It is interesting to recall the soothing tones of Hitler in his speech to the Reichstag on May 17, 1933. He said:

"The German people will exist, just as the French people will exist and—as history teaches us—as will the Polish people. What is the success of a transient oppression of a people of 65 millions of population, before the force of irrefutable fact? No State can have more comprehension for the young national States recently created than the Germany of the national revolution, born of a similar will. She demands nothing for herself that she is not ready to grant to others."

After that, it is no wonder that a non-aggression pact was signed between Poland and Germany on Jan. 26, 1934, which was to last for ten years.

Again, in his Reichstag speech on May 21st, 1935, Hitler was heard to say:

"Regardless of the past, Germany concluded with Poland an anti-aggression pact as yet another contribution of the highest value to European peace; Germany will blindly observe this pact, and has only the one desire, that it should be continually renewed and that it should be the source of an ever-growing friendship in Polish-German relations.

"With the understanding and the heartfelt friendship of true Nationalists, we recognize the Polish State as the home of a great nationally-conscious people."

However, in the spring of 1939, Germany made a sudden demand on Poland for the return of the Free State of Danzig to the German Reich, and for a strip a kilometer wide through the Corridor to East

Prussia in order to build a new road and railway, and when Poland refused to surrender her rights here, but offered to do all possible in the way of facilitating free transit, Hitler declared in his speech to the Reichstag on April 28, 1939:

"I have regretted greatly this incomprehensible attitude of the Polish Government, but that alone is not the decisive fact; the worst is that now Poland, like Czecho-Slovakia a year ago, believes, under the pressure of a lying international campaign, that it must call up troops, although Germany on her part has not called up a single man and had no thought of proceeding in any way against Poland. As I have said, this is in itself very regrettable, and posterity will one day decide whether it was really right to refuse this suggestion made this once by me."

Mr. Beck, the Foreign Minister, pointed out in his speech to the Polish Diet on May 5, 1939, that to hand over Danzig and a strip of land to Germany was to allow the latter a strangle-hold on Polish economic life, whereas the Danzigers had always retained their full rights of cultural and local life as Germans, and were quite happy if they were only let alone.

Thereafter events moved slowly but inexorably, through continual attacks on the Polish borders and the Polish officials in Danzig, to the ultimate invasion of Polish territory by the German army on Sept. 1st, 1939.

The second part of this book traces the course of the Polish-Russian relations during this same period, a story which is not quite so well known to the Canadian public.

After the war of 1920 and the defeat of the Russians at the gates of Warsaw, the Treaty of Riga on March 18, 1921, drew the boundaries between the two countries. Since then, Russia had been devoting her attention mainly to strengthening her internal arrangements, but had generally combined with Germany to isolate Poland. After the Polish-German non-aggression pact of Jan., 1934, Russia withdrew into her shell and chose to regard Poland as an ally of Germany and inimical to herself. Relations remained correct, but cold.

In the spring and summer of 1939, however, as signs of the European conflict grew stronger and as France and Britain began to negotiate for an agreement with Russia, the Russian Foreign Office began to blow now hot now cold on Poland.

Finally, on August 23, 1939, came the German-Soviet pact of non-aggression, and Russia was seen to have been quite cynically carrying on at the same time two mutually incompatible series of negotiations with France and Britain and with Germany. The attitude of Russia now became openly anti-Polish, but nothing overt was done until on September 17, 1939, the Soviets, on the pretence that there was no Government in Poland, launched an attack on the rear of the Polish forces which were busily fighting the Germans, and so caused the final collapse of Polish resistance.

It is the considered opinion of Mr. Grzybowski, Polish ambassador to the Soviets, that the Soviet Government has pursued the crafty policy of deliberately egging on the opposing European powers to fight each other, in order that Russia may derive advantage from

the occasion, and that it is, at least for the moment, enjoying the benefit of this proceeding. Solemnly signed pacts have meant as little to the Russians as they have to the Germans, and the stab in the back of Sept., 1939, was in direct contravention of the Polish-Soviet non-aggression pact of July 25th, 1932, which was extended till 1945, as well as other later agreements.

Those students who wish to follow the essential international documents of the Polish case will find them here conveniently collected.

A. K. GRIFFIN.

CANADA'S ROMANTIC HERITAGE. By E. C. Woodley. Dent. Pp. 288. \$3.00.

BUILDING THE CANADIAN WEST. By J. B. Hedges. Macmillan. Pp. 422.

AMERICA IN MIDPASSAGE. By Charles and Mary Beard. Macmillan. Pp. 977. \$3.50.

In Canada's Romantic Heritage Mr. Woodley has retold the story of the French Régime. Naturally in a book of this size, on a frequently treated period, the reader should expect little that is new in material or interpretation. Nevertheless the book was worth doing. Nothing about it smacks of the school history; type and format are both pleasing; illustrations have been well chosen. A feature is the useful bibliography, for each chapter, of source material, standard references, and historical fiction. Unfortunately the proof-reading was very careless: on p. 35 two lines have been interchanged; at the end of the second paragraph on p. 106, *was* would be preferable to *were*; on p. 124 *description* is misspelled; on p. 152, 1678 should read 1672; on p. 234, the date 1857 should be 1757; on p. 240, perhaps Montcalm should be described as going *up*, not *down*, the Richelieu.

Prof. Hedges's *Building the Canadian West* is a very careful study, based in the main on MS. records of the land policy of the Canadian Pacific Railway. The idea of land grants to railways was first put into practice in the United States: when a railway was to be built across Canada, it was introduced into this country. Certain changes were made here. The C. P. R. was given the right to choose land "fairly fit for cultivation", whereas the American railroads had been forced to take good and bad land as it came. As a result of this innovation, the C. P. R. received land in what is now Central Saskatchewan, for building a line in Southern Manitoba. Again, whereas the American policy had been to give alternate sections, and whereas this was the fundamental policy in Canada, at times the railway was given solid blocks of land; this variation in policy permitted such developments as the vast irrigation projects east of Calgary. Prof. Hedges notes that whereas the American railways merely dealt in land, from the beginning the C. P. R. looked upon itself as a great colonizing agent. For this reason it did not wish to sell huge blocks of land to speculating land companies or individuals, though at times finance forced the

company to alter this intention. For two reasons—to sell land and to increase its traffic—the company developed an amazing organization in the U. S., Britain, and Europe for attracting settlers; the C. P. R. was perhaps even more efficient than the Dominion Government in this work. Once the headquarters for the land department was moved to Calgary and Mr. J. S. Dennis was put in charge, all sorts of new plans were tried: ready-made farms for British settlers, loans for American settlers, crop payment plan, loans for the purchase of cattle to encourage mixed farming, and the development of the irrigation works. It was desired to keep a balance between American and British settlers, so that the essentially British nature of the country should not suffer. The company had a real problem to face with the lands contiguous to the C. N. R. and the G. T. P.: should it develop these lands and so develop traffic for its rivals, or should it wait until natural expansion should have made these lands valuable? In other words, was the C. P. R. to view itself as a great colonizing organization or as a great speculative land company? The solution was ingenious. In the last chapter, "Summary and Conclusion", Prof. Hedges tries to evaluate the work of the company and the policy of land grants to railways: this is an excellent examination of two thorny problems, and Prof. Hedges is to be congratulated on avoiding, on the one hand, mere eulogy of the C. P. R., and on the other, the all too prevalent ignorant criticism of a great force in the developing of Canada. This is a book to be read by all those who are interested in the building of the Canadian West. In a book on Canada, verbs like *to contact*, *to enthuse*, and *combatted* seem curiously out of place; on Map I, *Staller* should read *Stettler*.

Charles and Mary Beard have brought to a triumphant conclusion their *Rise of American Civilization*. Volume III, *America in Mid-passage*, deals with the last ten years of American life. The book opens with an account of the "Golden Glow", that period during which all Americans were growing richer and richer on paper assets, when holding companies were giving place to super-holding companies, and when America was furnishing money to all parts of the world for imaginary development. Then began the depression of 1929, to be followed by a series of investigations by committees of the Senate; here the authors are at their best, as financiers turn out to be very muddle-headed, even dishonest, ordinary people who had had no conception of all the implications of foreign trade and loans, and who had conveniently had memories at critical points in the investigations. New light was thrown on munitions industries, on America's entrance into World War I, and the activities of big-navy advocates, Liberty Leaguers, and other self-styled patriots. The chapter on President Roosevelt's New Deal is very valuable, as it clarifies the course of legislation. The battle with the Supreme Court is given a chapter, rich not only in information about the recent struggles, but also about earlier clashes between the Executive and the Judiciary. Then follow chapters on all phases of national life during the past ten years: journalism, literature, art, music, science, historical writing, and philosophy. Always the authors are intent on noting the social implications of such activities. The final chapter, a history of the change from the idea of

the United States as a "representative republic" to that of a democracy, should be of great interest to Canadians. Though their sympathies are plainly with the "disinherited", the authors are very fair. They pay tribute to the honesty and ability of President Hoover, though they note that he was limited by his frame of reference. President Roosevelt is a greater problem: obviously they admire his efforts to improve social conditions, but they are almost completely out of sympathy with his defence programme and his desire to become entangled in world affairs. The last ten years in the United States have been a complicated and trying period, a period that has often puzzled Canadians from its emphasis on neutrality to its playing, as Alfred Smith once complained, with alphabet soup; the reviewer knows of no other volume that can solve this bewilderment on the part of Canadians better than can *America in Midpassage*. Every Canadian should read it, and keep a copy for reference.

B. M.

THE BRITISH EMPIRE, ITS STRUCTURE, ITS UNITY, ITS STRENGTH.

By Stephen Leacock. Dodd, Mead & Company, New York, 1940. Pp. vi, 263, six maps.

This is a serious study, as both title and subtitle suggest. As might be expected, it is neither solemn nor profound, but the conventional burden of facts and dates is lightened by frequent flashes of wit and epigram which help the reader along to the end, even as he recognizes that the wit may serve only to evade a difficulty and the epigrams may embody only half the truth.

Of course it is a book with a thesis: the necessity of "an unwritten union of Britain, America and France" for the peace and safety of the world. In the light of this thesis, the history of the British Empire is sketched and interpreted so as to refute the charge that it was built up entirely by conquest, and to show that the past conflicts with the United States and France were but the blind pursuit of bypaths on the highroad to ultimate union. The American Revolution therefore becomes "a sort of triumph of British freedom on the soil of America" and the age-long enmity of Britain and France becomes a "dream". Great War I made it impossible that the French and the British could ever fight again. Unfortunately recent events in Great War II have imposed a severe strain on this faith, though not upon the thesis that the peace and safety of the world hinge upon the ultimate co-operation of the British Empire, the United States and a liberated France. As a contribution to the light-hearted discussion of current problems this book is well worth reading, and as an unconscious antidote to prophecy it should be taken seriously. At the same time, the many shrewd comments upon the character of the British peoples at home and abroad, their influence upon one another and the lessons to be derived from past experience in emigration are both stimulating and instructive.

D. C. H.

THE DIARY OF ALEXANDER JAMES McPHAIL. Edited by H. A. Innis. The University of Toronto Press, Toronto, 1940. Pp. vii, 289.

This diary is the record of the most active years in the career of one of the most enthusiastic, tenacious and influential members of the co-operative movement in Western Canada, edited sympathetically by Dr. Innis, who gives an outline of McPhail's background in Ontario and in Western Canada before the diary begins, and furnishes illuminating comments throughout the volume to make the diary intelligible to the general reader. Thus the conditions which preceded the organization of the farmers in the three prairie provinces and their struggles with adverse forces both personal and impersonal are set down at the beginning of each section of the diary which deals with a new phase of the movement so that the reader may understand the entries in the diary itself. As McPhail was a very serious-minded person, who led a very strenuous life and spent much time in organizing, attending and presiding at meetings in widely different places and in contending with forces and opinions that were opposed to his ideals, his diary does not make armchair reading; but it does reveal his whole-souled devotion to the cause of the western wheat-grower, and afford some measure of the power of a conscious minority against almost insuperable odds. The student of co-operation will find much to hearten as well as to dishearten him in this narrative of economic democracy; but, if he is discerning, he will capture McPhail's belief in the value and necessity of education on the ground that "a live, keen, well-informed membership" is the very foundation of any co-operative movement. The student of Canadian history, too, will find here a most detailed inside story of one of the significant movements of the century.

D. C. H.

THE MINGLING OF THE CANADIAN AND AMERICAN PEOPLES.
By Marcus Lee Hansen. Completed and prepared for publication by John Bartlet Brebner.

THE NORTH AMERICAN ASSAULT ON THE CANADIAN FOREST.
By A. R. M. Lower. With studies of the Forest Industries of British Columbia by W. A. Carrothers, and of the Forest Industries in the Maritime Provinces by S. A. Saunders. New Haven and Toronto, Yale University Press and The Ryerson Press. Pp. xviii, 274; xxiii, 377.

These two volumes in that excellent series of studies in Canadian American Relations issued by the Carnegie Endowment for International Peace are of interest to the general reader as well as to the close student of international affairs. The first traces the intermingling of the two peoples from the earliest times to the present, showing a continuous, if alternating, crossing of the boundaries in search of new homes or greater opportunities. In the seventeenth century and the

first half of the eighteenth, when the two peoples who represented different races and civilizations competed for control of the fisheries and the fur trade and strove to extend their boundaries as far as possible, one cannot speak of their intermingling; but after 1760, when the first boundary struggle was settled by the British conquest, there was a definite movement of British colonists into Acadia and Quebec, which led to a clash of civilization until the American Revolution revived and delimited the old boundaries and set up two separate political entities in North America. Since that date there has been continuous migration to and fro across the borders, with and without change of citizenship. All these migrations are sketched and interpreted by the late Professor Hansen with discernment and sympathy, and the book is ably edited by Dr. Brebner who completed the unfinished manuscript.

The second volume is a history of the lumber trade between Canada and the United States which began almost as soon as these two countries were separated and has continued under various forms until the present. Professor Lower deals with the history of this trade in Central Canada and the Maritime Provinces and its reaction upon national and imperial policy, while Prof. Carrothers and Dr. Saunders deal with the forest resources and technique of British Columbia and the Maritime Provinces respectively. The place of the industry in the Canadian economy is set forth in a preface by Dr. H. A. Innis, whose knowledge of our economic history is encyclopaedic.

D. C. H.