

happen after a half century. The dominant British interest is to restore peace, solvency and free movement of commerce on the Continent as a whole. And it is idle for the French to try to work in harmony with the British unless they are prepared to make concessions to that interest.

What this means is that somehow or other the French will have to reconcile themselves, in the next four months, to fixing the German indemnity at a figure that does not crush German economic life. They will have to cease looking for pretexts to seize the Ruhr industrial district and for a chance to effect the further dismemberment of Germany. They will probably have to come around to the British view on the subject of trading with Russia. All this, to be sure, is probably to the real advantage of France as well as of England. There would be no profit to France in an indemnity so exaggerated as to discourage all efforts to pay it. France would hardly recover her military expenditures if she occupied the Ruhr, and if she effected the separation of Bavaria, she would only make herself new military problems and reduce the chances of ever recovering on her indemnity claims. But it would be unreasonable to expect any large part of French public opinion to recognize that the national interest lies on the side of a policy of moderation. There has been altogether too powerful and persistent a propaganda for compelling Germany to pay more than there is any likelihood that she ever can pay. If it were revealed to the French from on high exactly what is the maximum they can ever get, they would no doubt be bitterly disappointed with the amount. All the more, any sum fixed after discussion with Germany at the instance of the allies of France will seem to a great part of the public a betrayal of French interests.

That is the condition the responsible statesmen of France have to face. They will have to reach a solution determined by the present international position of France, but without secure support in public opinion, and still less in the reactionary Chambers. It is a condition that precludes any sort of political certainty. Perhaps an adroit diplomatist like M. Briand may best succeed in adjusting French expectations to the possible. Perhaps the power will have to pass to a chauvinist like Poincaré in order that the onus of unpopular concessions may the more definitely rest upon British compulsion. There is danger in either course. For an understanding between the French and British peoples, vital to both, is difficult to establish and maintain, at best. Too much subtle political manoeuvring might be disastrous in the end to any such understanding. It might result in each nation's looking elsewhere for its political combinations, to the lasting detriment of European security.

## Finance and the Building Inquiry

THE hunting down of wrong doers is no doubt the dramatic element in any such undertaking as the building investigation. If no Brindells and Hettricks had been discovered, the current news value of the inquiry would have been much less. But nobody can imagine that if all shady practices were exposed and corrected, the building industry would then move forward, fulfilling all the requirements of our urban populations. We might get rid of conspiracies and extortion, without making notable progress toward the housing of the multitudes. Waste and disorganization extort more dollars from the tenant than corruption and monopoly. They are a heavy tribute, from the point of those who pay them, but a tribute to an institutional stupidity that can not be visualized and hated.

That is all the more reason why the official inquiry soon, we hope, to be resumed, should be endowed with sufficient power to bring to light all the relevant facts. There is more to be learned about the general policies or lack of policies of the building contractors and the manufacturers of building materials, of the trade unions, of the transportation agencies, of the public authorities. But perhaps the most important subjects of all are the policies of the financial institutions. Credit is the life of trade. Whether a nation shall flourish or languish, as we can see from the state of Europe, depends upon its control of credit. The same thing is true of the several departments of a nation's economic life. It is a commonplace that before the war the domestic industries of France were held back by the policy of the great French financial institutions, which drained away the people's savings for investment in foreign government bonds. We are not here raising the question whether that was an expedient policy or not. French Russian investments confirmed the Franco-Russian alliance; French Turkish investments served to weaken German influence in Turkey. The point is that funds thus placed abroad were not available for domestic industrial and commercial development. The policies of a nation's financial institutions have a deal to do with a nation's economic anatomy. They may insure the full growth of one organ while starving another organ and inducing atrophy.

Now, what every intelligent citizen would like to know is what are the policies of our great financial institutions leading to? We are not greatly interested in the question whether an inquiry would disclose occasional wrong-doing. No doubt it would. Bankers and insurance magnates are human, and there are a great many of them. We do

not expect the disclosure of practices that seriously compromise the solvency of our financial institutions. The relations between the financial institution and its immediate customers are already too closely regulated by law and custom to admit of gross abuses widely prevalent. But within the limits of law and custom and business honor there is yet a broad latitude of discretion. Our investment institutions, while observing every rule necessary for the protection of their customers, may still favor the development of large scale industries and discourage industries equally solvent but of less imposing proportions. They may still favor manufacturing or transport industries at the expense of housing. They might even favor concerns in which they were more or less directly interested, or concerns fighting for the "American" open shop scheme of industry or concerns favorable to unionism, without doing the humanly inconceivable.

We shall of course be told that all such hypotheses rest upon a misconception of the fundamental principle of private finance, to place funds impartially wherever the greatest profits are to be had, due allowance given to considerations of security and convenience. But the Hughes Insurance investigation showed quite clearly that no such principle operated without qualification at that time. There appears to be no reason for assuming that it operates now. If it were the financial practice to dispose of funds to the highest bidder, and if the directors of financial institutions stood altogether aloof from all other business interests, we might assume that credits were granted or withheld according to a simple mechanical principle involving no considerations of general policy at all. That is not, however, the way things work in real life. A good deal of discretion in the distribution of credits remains with the financial institution, and what it does with that discretion is a matter which concerns public policy. Not the financiers, as private persons, but the American people, through its representative organs, ought to decide whether building is to be encouraged or discouraged, whether industry is to be built up and agriculture neglected; in short, what the public policy involved in financial operations ought to be. This, we imagine, any public spirited financier would admit. He can not desire autocratically to determine matters which transcend his own sphere of profit making.

In supporting the movement for extending the scope of the building inquiry to include the financial institutions we are not in the least animated by a hope of startling disclosures. The only reason any one has for believing that there is anything startling to disclose consists in the circumstantial fact that the financial institutions are fighting the proposal. Not all of them, we suppose, but the campaign against

the extension of the scope of the building inquiry is conducted under such dense cover that it is impossible to distinguish between those who are willing to let the public know what the public has a right to know and those who make a sacred vested interest out of business secrecy.

There is no difficulty in explaining why the few who really have something to hide should oppose the investigation. But why should the many make common cause with them? We hear it said that the methods of Mr. Untermeyer are objectionable in the extreme and tend to throw a shadow of guilt upon those who are perfectly innocent. A careful study of the recent hearings, however, would dispel any such notion. In those hearings certain witnesses were, indeed, quite mercilessly racked, but as the event usually showed those witnesses actually had something to conceal, and their best founded grievance was that Mr. Untermeyer's methods made concealment difficult. We hear it said that the financial institutions would be put to considerable expense in furnishing the information that might be required. That expense, however, would hardly represent more than an infinitesimal fraction on the business involved. We hear it said that any such inquiry would be a shock to credit and intensify the current depression. How could that be, unless the inquiry exposed practices which not only involved a questionable public policy, but threatened business solvency as well?

When the financial institutions have to deal with radical legislatures, backed by a powerful radical trend in public sentiment, they may have good reason to oppose investigation, of whatever character. They may assume that any action is unfavorable action. But what have they to fear from Governor Miller and the present legislature? What reason have they to feel concern over public sentiment at a time like this, when conservatism carries everything before it? If they were deliberately seeking an opportunity to present their own view of their policies before a favorably inclined public, what better chance could they expect than that which is now offered them? Do they regard themselves as farsighted in rejecting it? We do not. For it is widely believed that the policies of our financial institutions have had much to do with the building crisis. This impression may be kept ineffective for the present. But anyone who knows American political history will realize that such suppressed impressions have a habit of emerging at a later time, when the general mood of the public is not so favorable to dispassionate inquiry. It is doubtful whether financial institutions can ever afford to shun publicity, in a democracy. They certainly can not afford to shun it now, when our democracy happens to be colored by conservatism.

## The Moon Calf at Large

ON another page (255) we publish a brief anthology of the Open Shop Movement. One theme runs through all of it, that, in the words of the National Conference of State Manufacturers' Associations, all people "have the right to work when they please, for whom they please, and on whatever terms are mutually agreed upon between employee and employer." These are noble words. They evoke a sense of freedom that is not only idealistic but idyllic; they suggest a Golden Age in which compulsion and control, and the whole horrid apparatus of social organization, have disappeared, and nothing remains but the right to follow the fancy where it listeth. In short, the formula of the manufacturers' associations is the doctrine of philosophical anarchy in its purest and most absolute form. It presupposes a society of unlimited rights exercised without hindrance by the standard of individual pleasure.

The poet who conceived this utopia of the free was naturally not enslaved by the facts of life. Indeed he was not thinking of the world as it is, but of the world as in the millennium it ought to be. Now it is no task of ours to discourage the brave excitements of youth. These challenges to the social order, however reckless or immature, must be tolerated, in the confident hope that experience of life, a knowledge of the world, contact with practical affairs will gradually teach these moon-calves the sober and more prosaic truth. For of course any one who talks about the right to work when he pleases, for whom he pleases, is a moon-calf, even though he happens to be the hired publicity man of so respectable a crowd as the manufacturers' association of twenty-two states.

Let us imagine his utopia in action. John Smith, it happens, is pleased one fine morning to take a job. It occurs to him that he would rather enjoy driving the Twentieth Century Limited. So he walks into the office of the President of the New York Central Railroad and says: "It pleases me to work for you this morning. The train to be sure does not ordinarily start until 2:45, but I'll start now. I work when I please." "Right you are," says the President, "let us now mutually agree on terms. What'll you take for the job?" "Well," says John Smith, "Chicago does not interest me much, but I shall enjoy the ride. Let's make it an even twenty." "Too much," says the President. "I generally pay about ten." "Hm," says John Smith, "I tell you. Let's split the difference." "Fine," says the President, "in our country it is recognized as fundamental that we work when we please, for whom we please, and on whatever terms

are mutually agreed upon. . . . You say you will start at once?" "Almost at once," says John. "I've got just thirty pages of the Age of Innocence to finish, and a luncheon engagement at the Union League Club to call off; I'll be ready around eleven."

Having stopped for a shave and a shine, John did not actually start till twelve-thirty. As the train sped up the Hudson Valley he drank in the air and thought that except in a Veronese at the Pitti and in two bits of early Ming that he had so loved when he was staying at Albemarle House with Margot and Colonel Repington, he had never seen such a celestial blue. Colonel Repington suddenly reminded him of lunch, and at Poughkeepsie he stopped, called up Franklin Roosevelt, and was welcomed with open arms. Mrs. Stratton was perfectly enchanting, and about five o'clock, lunch being over, John strolled down to the train, slowly finishing his excellent cigar. Towards seven he pulled into Albany, and took a cab to the Ten Eyck, where he thought he would change for dinner. A telegram from the perspicacious President was brought to him. It read: "Forgive the unwarranted intrusion upon your private affairs. A harsh and meddlesome government has been inquiring all afternoon when the mails are likely to reach Chicago. I realize that you work only when you please and for whom you please, but as one man to another, won't you advise me of your plans."

John thought this over for an hour or two, reflecting sadly on the increasing restriction of liberty due to the influence of Moscow, asked himself whether President Harding was by any chance infected with Bolshevism, and wondered whether to ring up Ralph Easley, the American Defense Society, or the Imperial Wizard of the Ku Klux Klan. On sober second thought he felt that he had better decide the question in the morning, when he was fresh from a good night's sleep. So he turned in, renewed his shaken spirits by reading a few resonant passages from the Weekly Review, and fell asleep, only to find himself in the midst of the wildest and most hideous nightmare.

As is usual in such dreams some features of the previous day's experience were reproduced, though distorted. He went in search of a job. But instead of finding his employer, the President, he was shunted from porters to ticket agents, and from ticket agents to employment offices, and from there to a long line of waiting men. Finally he was interviewed. His desire to run the Twentieth Century that afternoon was greeted with a roar of irreverent laughter, but he was told that he could try out as the second assistant helper on the local freight between Jericho and Mineola. He would