main. Its first constructive measures of economic legislation were the Morill tariff and the Homestead act. The vitality of this coalition diminished during the agricultural discontent of the nineties and during the insurrection against big business between 1902 and 1912. But nothing has happened as yet to break up the combination. The question is whether and how far it will survive the probably future divergence of interest between the city and the country. If as now seems probable the agricultural distress must continue until some of the waste and some of the existing control of prices is squeezed out of industry and until the cost of industrial products to the consumer is not separated by such a wide margin from their cost to the producer, then it is doubtful how far the coalition which entitled the Republicans for so long to consider themselves the national party will persist. About 1832 an agricultural bloc under the leadership of Andrew Jackson destroyed the two strongholds of what they then called the "Money Power"—the National Bank and the protective tariff. The combination between an agricultural and a labor bloc may within the next five years try to imitate the performance.

This expectation of a breach in the coalition between American agriculture and industry which has given vitality to the Republican party may, we must admit, share the usual fate of political prophecies. American partisan loyalties are capable of surviving terrific strains. The Republican organism is now sustained by sources of strength wholly independent of its original composition and it will survive any dislocating influences which are not the product of a fundamental alteration in the distribution and balance of social power. Such changes are, no doubt, bound to accrue in the course of time, but it is easy to anticipate a speedier triumph on their part than they are capable of winning. Yet if the Republican party does survive for many years the increasing conflict between the agricultural and industrial interest, it can hardly shine during this period of distraction as an example of political economy and efficiency.

Consisting as it will of a combination of increasingly incompatible elements which is held together by common antipathies and a common craving for power rather than by an effective agreement about the use to which political power should be put, it will move awkwardly and at the cost of enormous friction. It will become incapable of important constructive legislation. It will be certain to dodge rather than to face its graver domestic responsibilities, which is precisely what it is already doing.

The Spectacle of Coal

CURTAIN-rise is April 1st.

The settings, according to advertisement, will be a strike scene, nation-wide.

Cast of characters: the coal miner (500,000 of him); the coal operator (including coal railroads, coal sales companies, financiers—nobody knows the list); the "people," "the great third party, whose paramount interest is vital, must not be put in jeopardy," etc. (see any congressional report or presidential speech).

Emotional displays guaranteed. There will be thunder and lightning off stage. But if the piece is to be intelligible part of its success must depend on the lines. Will the characters know what they're talking about?

What the miners are rehearsing has leaked a little: in protests against slack work—one to three days' work a week; in memorials to Congress—resulting in pigeon-holed resolutions to investigate destitution in mining towns; in demands for negotiations—refused by the operators; in protests against lowering wages to non-union rates as a standard of living.

A sample of the operators' speeches was submitted to the Interstate Commerce Commission by the National Coal Association. It was one of those neat diagrams of "what becomes of the dollar received by the bituminous coal operator"—a wheel with four sectors labelled "67.8 percent to the miners; 12.6 percent for supplies; 10.8 percent for other operating expenses; 8.8 percent for general expenses." Commonly in these circles there's an exigent sector, like a war-time piece of pie, labelled "profits." But there's no pie in this wheel.

The soft coal industry from April to October, 1921, according to these statistics, was run as a philanthropy. Since the miners allege destitution, who got the philanthropy?

Supposedly the great third party must look to the government for data for its rôle. The Department of Labor, it is announced, is collecting wage rates, "representative pay-rolls," as much as operators may vouchsafe; but it remains to be seen whether the data will be representative of the crucial non-union fields, whether the results will answer the question "how much money was actually paid to the miners for the year"? The Department of Commerce is understood to be gathering coal export statistics. The Department of Justice—is it erasing railroaders' names from arrest warrants, unused recently, and inserting names of miners?

"I never would permit unions," says Attorney-

General Daugherty, "to break up the open shop," in coal. Mr. Hoover said that the Department of Justice was cooperating in coal investigations. Mr. Daugherty says, "The country can't live on investigations and I want to shut down on them as far as possible"

What the miner part of the third party thinks of such governmental activity is hinted in an editorial in a paper owned by anthracite workers, the Panther Creek News, which became the topic of emphatic comment in Congress:

> You can't tell the cost of mining a ton of coal by just calculating how much meat, bread and potatoes will keep a miner alive. The miners are sick of that kind of statistics.
>
> Nobody would accuse Senator Frelinghuysen of being a friend of labor and yet it was Frelinghuysen who told the Senate last month, "We cannot find out what the coal costs are because the National Coal Association has put out the eyes of the Government by the injunction in the Maynard Coal case." In that case the operators have actually enjoined the Federal Trade Commission from carrying out the law, the law to publish the facts about profits.
>
> The Government is giving us imitation investigations. Secretary Hoover announces that President Harding's Unemployment Conference is investigating slack work in the soft coal fields. And the money for that investigation is put up by the coal operators. Is that kind of "government" inquiry likely to tell the facts about the chief cause of slack work; over-development? That would mean telling capitalizations and profits.

There is every prospect that the April spectacle will be a poor show. From present preparations we shall not know what we're talking about. "Coal is a public utility," begins the first thesis in Senator Kenyon's report on West Virginia. But the basic facts of this public utility are unknown, both to the government and to the persons in the industry. As to *costs* and *profits,* no one knows the capitalization of the industry; how much of book value is water and how much real money; whether salaries and depreciation charges are reasonable; or anything for any controlled adjustment of producers', wholesalers' and retailers' prices. As to *labor,* no one knows the miners' actual earnings, hours and conditions of work, or expenditures. As to *production* and *distribution,* the admirable Geological Survey reports are not issued regularly on many of the most necessary phases. *Prices* we have to glean from what the operators tell their trade journals. *Financing* is a quite closed book, hiding the ownership of the coal lands, the leases and royalties, the contracts between collieries and railroads and coal sales companies and other industries.

We do know that high authorities deem it all "our worst run basic industry." We do know that a strike will spring from the industry's demoralization rather than from human cussedness. Human ability to stand deprivation, however, is expected to "settle" the strike.

Suppose now a firm voice:

"We demand what this country has never had—the full facts about the coal industry.

"Not another eleventh-hour senatorial inquiry; men who know mines smile at the ordinary legislator's questions about coal.

"Not a permanent commission primarily charged with settling strikes.

"We demand that Congress authorize a fact-finding commission, half of miners, half of operators, with a chairman appointed by the President, and with governmental powers of inquiry, fetching witnesses and books to its hearings.

"We demand that this commission publicly canvass as well the findings of other government agencies; and particularly that the Federal Trade Commission be called on for the facts which it is now enjoined from getting.

"We suggest that the facts of the three years since the war be covered and the three years prior to 1914.

"The questions which must be answered are:

What working and what living does the miner get?

What makes coal cost what it does?

What profits go at each stage and to whom?

"Whether it's a strike or the rebuilding of an industry, we will follow the facts."

It will have to be a pretty large voice. It won't be the operator's. It will hardly be the public's, so far as Washington initiative is concerned. Might it be the miners', meeting this week in national convention?

Determination would be needed, to get such an investigation,—almost as much as to meet a spring strike.

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Federal Reserve and the Farmer

NOW that the National Agricultural Conference has come to a close without condemning the policy of the Federal Reserve system during the past few years and without more than passing mention of the Board, it is fair to assume that the danger of a drastic assault upon the Board and its members is pretty well over. Nowhere in the numerous recommendations and resolutions of that Conference can one find any really condemnatory utterance. This will come as a surprise to those who had supposed that the perfervid utterances of certain Senators and the flamboyant accusations of John Skelton Williams represented the opinion of the agricultural regions.

Early in the summer of 1921 representatives of the farm interests appeared before the Commission of Agricultural Inquiry at Washington and charged openly that the Board had forced the banks to withdraw credit from the agricultural districts and had put it at the disposal of the financial centres. They insisted that the action of the Federal Reserve Board had resulted in a greater contraction of loans in agriculture than in any other line of business, and challenged anyone to produce figures to the contrary. According to these spokesmen for the farmers, the quantity theory of money had worked perfectly and quickly. The contraction assumed to have taken place in the country had brought about an enforced marketing of products which in turn had broken the prices of the things which the farmer produced. According to them the power of the Federal Reserve System had been directed against the farmer for the benefit of the speculator in securities and commodities.

Then Mr. Williams, the former Comptroller of the Currency, made a speech down in Georgia. His powers of flamboyant utterance, which are never deficient, were at their best. His Augusta speech was fully up to the previous high standards which he had set for himself in his annual report for 1918, where, in commenting upon the usury discovered among the national banks, he burst into this bit of eloquence: "Yet in some parts of this country we were in a worse condition in this respect than were the people of fifty centuries ago, and men and women in the United States in the twentieth century were bitten more deeply than were the ancient Hebrews; were destroyed and enslaved more grievously than were the Canaanites, declared enemies of God's chosen people. American citizens were in the position of the poor of Rome under the oppression of the usurers.

> No fire when Tiber freezes,
> No air in Summer's heat;
> But stores of rods for freeborn backs,
> And stocks for freeborn feet."

He charged that under the policies pursued by the Reserve Board credit became stiff and inelastic where it should have been liberal, dangerously lenient where it should have been oppressive. An Alabama bank was *made to pay four percent a month* for rediscounts with the Atlanta Federal Reserve Bank. "In fact, the rate charged for a portion of that money was actually 84½ percent per annum." "While small banks in the farming districts were being taxed in this manner, great banks in New York were being supplied with practically unlimited amounts of money at five, six, and seven percent." In the opinion of Mr. Williams nothing except the fact that the United States is the richest and strongest country ever known keeps us from facing today "disaster by comparison with which the disaster following the explosion of the South Sea Bubble would appear trivial."

The cumulative effect of these criticisms, which were presently echoed in Congress, was too much for members of the Federal Reserve Board. The former Comptroller was heard by the Joint Congressional Commission, and the members of the Board answered him. Most of the isolated cases which he cited proved to be misleading. The small bank in Alabama had been charged exorbitant rates by its reserve bank without the knowledge of the Federal Reserve Board. As soon as that body discovered what had happened, it ordered that all interest charged this bank and other banks in excess of twelve percent under the progressive rate be refunded.

It turned out, too, that the large advances to New York banks were necessitated by the fact that the interior bankers withdrew their money from New York, as they have done in every period immediately preceding a financial depression. In January, 1920, the balances of interior banks with New York banks amounted to $838,000,000; by June, 1921, they had fallen to $537,000,000. In addition these interior banks withdraw almost $300,000,000 which they had loaned upon the New York Stock Exchange. It was inevitable that the New York Federal Reserve Bank should be called upon to help its member banks meet this withdrawal of funds.