

In this respect the record and the behavior of the radicals in Congress during the last few months has been disappointing. When Congress assembled with a progressive minority in each House which held the balance of power between the two parties, it looked as if the progressives could use the inevitable controversies over legislation with the Republicans to develop a legislative program which would sharply contrast them with their opponents and would advertise to the voters what in particular progressivism meant. The Mellon Tax plan provoked such a contest in the House of Representatives; and any intelligent voter who followed the course of the conflict, as it developed in the news from Washington, could have learned a great deal about what Republicanism, Democracy and progressivism really stood for in the matter of taxation. But as yet at least no clash of opinion which may have an educational effect on the voter has taken place with respect to any other issue. The railroads to which, it was expected, a great deal of discussion would be given, have scarcely appeared in the news at all; they are not likely to be rescued from their present obscurity. Some discussion has taken place about legislation for the relief of the farmer, but no news from Washington has as yet reached the public which will help a voter to distinguish sharply the attitude of the progressives towards the farmers' difficulties from that of the Republicans or Democrats. It is extremely doubtful whether anything of this kind will or can happen during the three months which still remain before the national conventions assemble. The investigations and exposures have so disorganized the work of Congress that it can scarcely consider any legislation except the tax and appropriation bills; and even if it does discuss other public issues, the newspapers are not in a position adequately to report the debate.

In all probability the Democrats have benefitted politically from the Washington scandals more than have the progressives. The senators who are most responsible for pushing the investigation are Democrats. The most vigorous fighting speeches on the floor of the Senate with respect to the scandals have come from Democratic rather than progressive sources. The progressives have not as yet demonstrated either their aggressiveness or their particular ability to deal with current economic and political problems. It is true that Senator La Follette uttered in the Senate the original protest against the navy leases and forced an investigation, but the leadership in carrying the fight on passed to the Democrats. Although a few important members of the Democratic party such as Doheny are implicated in the scandals, the Democrats as a party are emerging from the scuffle with a record far more creditable than that which they made during the former period of Republican insurgency in 1909-11. If they have the sense to nominate a Democrat who is also a genuine progressive, they may be strong enough to pre-

vent the running of a third ticket and assure the election of their candidate.

Is there any way in which progressivism, as an attitude towards politics and economics which is different from Republicanism and Democracy, can re-assert itself during the short interval that remains to be crossed before the conventions assemble? Probably not. The progressives in Congress may succeed in using the fight which is now pending in the Senate over tax revision to increase their prestige as a group. They may have the initiative to introduce legislation dealing with sources of power such as coal and oil, which will indicate what a progressive government might do to reach the economic roots of graft and corruption. But they are scarcely in a position now to obtain political profit from such demonstrations. They have not succeeded or even tried to establish any association between normalcy and the Fall or Daugherty scandals. Much, consequently, as we believe in the need of a third party, composed primarily of those economic classes whose interests are not sufficiently recognized by the Democrats and Republicans, we are afraid that the enormous immediate importance of graft and corruption as an issue in the presidential election will set progressivism back rather than forward. If the Democrats turn their opportunity to good account by nominating a western Democratic radical, they may be able temporarily to undermine progressivism as an independent political movement and to compel hundreds of thousands of progressives to vote for their candidate as the one sure method of defeating Coolidge.

A Doubtful Victory

IN the second phase of the "battle of the franc" the French government is victorious. Having been beaten almost to the point of panic and collapse by a bear movement that drove the franc to 3.42 cents, the French government took the offensive and brought the price up to a maximum of 4.76, and within a single week. This looks, superficially like a conclusive victory.

In any battle, however, victory may be won at any point in the line provided sufficient reserves are thrown into the contest. The question in each case is whether it is safe to use up reserves in an operation of limited extension. Everybody has known for a long time that France holds large reserves of gold and silver. The gold reserve alone exceeds a billion dollars, and the silver, even at its commodity value, would bring the total reserve assets above \$1,200,000,000. All this reserve is inactive. Its relation to the value of the currency is purely psychological. It might be hypothecated or alienated without any direct effect upon the currency. Why, then, did the government wait until the condition of the franc was very near desperation before hypothecating even a small

part of the reserve? Plainly the operation was one involving risks.

It pleases the French government to pretend that it believes that the franc was forced down by the machinations of a ring of exchange speculators, chiefly German or in sympathy with the Germans. No doubt there were rings of speculators at work, and very likely much pro-German money went into their operations. But the value of the franc is determined ultimately on the domestic market, not on the exchanges abroad. Any purely artificial depression of the franc would have brought swift punishment to the operators. Suppose that a group of wealthy speculators on the Paris Bourse had set out to bear the dollar and succeeded in cutting its price to seventy cents gold. The wires would immediately become congested with buying orders from America, and the shorts would face a terrible day of settlement. Exactly the same is true of the franc. If it had held its own on the domestic market the decline on the foreign markets would have produced a great cable demand, to be followed by a heavy commodity export to gain the means of settlement.

The franc went down because the French public had begun to see that the financial position of the country was far from sound. The foreign value of the franc has been forced up by a measure which does not fundamentally strengthen the financial position. The relation between the reserves and expenditures is the same as it was when the franc was plunging downward. The financial measures which Poincaré has pressed through the Senate were not regarded a week ago as sufficient to protect the currency. The prospects of an improved reparations settlement as a result of the expert commission's work are not perceptibly brighter. It is therefore by no means certain that the holders of francs will repose much faith in their keeping to the present level. And without this faith the flight from the franc is likely to get under way again.

This flight need not take the form of the purchase of foreign exchange. It may instead take the form of the purchase of houses, lands, stocks of merchandise, consumable goods, within the country, with a higher price level the chief visible result and an excess of imports, to be paid in francs, an early consequence. Any artificial pegging of the franc would accelerate the operation of these forces. If one is going to fly from the franc, he had better do it while the quotation is reasonably high.

Unless the French people as a whole recover confidence in the franc, it can be kept merely by the application of more and more of the country's metallic reserves to the work of pegging the market. The current \$100,000,000 credit will be exhausted and the government will have to resort to another loan. It is plain that this process can not continue long without irretrievably ruining the national credit.

But Poincaré now promises that whatever hap-

pens expenditures will be kept down to revenue and no loans will be raised except for the refunding of short term bonds. This is his promise, but can he keep it? Not if he persists in the foreign policy that has so nearly brought France to ruin.

If France would agree to a rational settlement of the reparations question, contenting herself with what she can get instead of insisting on what she proclaims to be her right, she might get through without a really serious financial crash. After a brief moratorium she would receive a few hundred million francs gold every year with which to reduce her debt. What is more important, the relief of international tension would make possible a reduction in military expenditures, or at least would offer an assurance that no great increase in such expenditures would be necessary. But if the new settlement is to be merely another piece of sentimental aspiration, like the London settlement, there is really no hope that the franc will survive. The Germans will again show their bad faith by failing to fulfill conditions that are impossible; France will resort to new and costly forms of coercion and the race toward bankruptcy will be resumed.

It is possible that the recent fluctuations of the franc may have taught France a needed lesson in finance. We doubt that it has taught Poincaré anything. And if it has not, the sooner his government falls the better for the franc and for the millions of Frenchmen whose fortunes are tied up in bonds which must shrink to the value of waste paper along with the currency.

How to Estimate the Daugherty Evidence

AT the present stage of the investigation into the official record of the Attorney-General it would be premature to decide how much credibility we are justified in attaching to the testimony in detail of such witnesses as Roxie Stinson and Gaston B. Means. Mr. Daugherty himself and his friends in the press seek to discredit all the testimony of both witnesses as malicious gossip or downright falsehood. On the other hand many credulous and suspicious people will accept every statement as an approximation to the truth and will revel in the details of an exposure which, if true, is staggering in the extraordinary audacity, unscrupulousness and the high official position of some of the partners in crookedness. Sensible people will not, of course, go to either of these extremes. They will do their best to hold a just balance between scepticism and credulity. It is so important for public opinion to hold a just balance that we shall essay the dangerous task of indicating what a balance of this kind may look like.

In the first place and most important of all, fair-minded observers will question those reports