

far as may be to our highest ideals and ambitions; but that the first thing that we have got to do after arousing the people to the necessity of change, is to change the law and not rely upon the executive himself to ignore the statutes.

This is excellent and refreshing doctrine, and Mr. Roosevelt's admirers may wisely take it to heart. It would have rung with a truer ring, however, if President Taft had not complacently violated it by Executive arrests, without warrant or cause, while on his journey—arrests after the manner of those in Russia when the Czar travels, and under circumstances which in this country are unlawful. If Mr. Taft feared for his life, consistency demands that he should have postponed his journey until laws authorizing arbitrary arrests of suspects when the President travels had been enacted.

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The Golden Rule in a Glass Case.

Commenting on the police policies of "Golden Rule" Kohler, chief of police of Cleveland, The Outlook demonstrates quite cleverly that the Golden Rule is practicable if you don't apply it.

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Fitzpatrick and the Ideal Chicago.

There is plausibility in the point that President Fitzpatrick of the Chicago Federation of Labor ought to have accepted his appointment as a member of the bulky committee for managing the plans of the Commercial Club for an Ideal Chicago; but his decision to decline was probably taken wisely. He could have done little on that committee to influence it in behalf of a human Chicago, should it lend itself to the real estate speculators; but he can do much on guard outside the committee and through the Federation of Labor to modify the speculation tendency. That the tendency is in the interest of real estate investors is a fair inference from the chairman's insistence that, whatever the plan, it "must be as much for the benefit of the great west side as for the north side or the south side; it must comprehend the needs of every district and every locality, from Jefferson to West Pullman and from Hegewisch to Rogers Park." That is the language business men use when they are thinking not of the human rights of residents but of the rising profits of site owners. Other observations of the chairman of the Mayor's committee indicate that no attempt is likely to be made to place the cost of the work upon the owners of benefited property. The whole purpose begins to take on the unmistakable air of a scheme to tax everybody for improvements that will raise ground

rents for private profit. Should this turn out to be true, as we hope it may not, a man in Mr. Fitzpatrick's position could do more to thwart the objectionable purpose outside of the idealization committee than as one of its members. His letter of declination is a moderate expression of a well deserved rebuke.

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The Chicago Tribune—Query.

When the Chicago Tribune began its series of Bible-text editorials on civic responsibility, we were frivolous enough to dismiss the subject with a poor pun on "loose" writing and "tight" writing; but as the series goes on, we begin to wonder if a process of spiritual regeneration—and here there is no pun—has not really begun in the deeper depths of the Tribune management.

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Logical Dynamite.

Professor Willett recently told the students of his divinity school in Chicago that "the moral level of a nation can never rise higher than its womanhood." Doesn't it follow, then, that the politically moral level of a nation cannot rise higher than its womanhood? And isn't it true, therefore, that as the American woman is politically below the level of the ballot box, so is our nation? Professors should be careful not to state as a truth the first premise of an explosive syllogism.

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Corporate Love-Making.

The people of Oakland, California, have no initiative or referendum or recall powers and checks on their City Council. Small wonder, then, that the City Council recently granted a 50-year franchise to a power company. Enlightened communities are not granting 50-year franchises in these days. A corporation loveth an unenlightened community.

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THE CENTRAL BANK QUESTION.

In his financial key note speech at Chicago, Senator Aldrich committed himself to no definite banking policy, but he laid down certain guiding principles which call for serious reflection. Chief among these is his differentiation of the money-issuing function of banks from their credit brokerage function.

He no longer regards the former as the more important, but ascribes the greater importance to the latter. It is not, however, any question of the relative importance of those two functions

that is most important. The really important consideration is their essential difference, together with the principle Senator Aldrich acknowledges that the money-issuing function "should always be under government control."

He might well have made a further distinction, one which reflection may yet bring him to regard as important, by separating credit functions from clearing-house functions. The importance of this difference lies in the fact that clearing is as mechanical as book-keeping, whereas credit-brokerage is among the most delicate and subtle of all business processes.

The present importance of those three differences in banking—the money-issuing function, the clearing-house function, and the credit-brokerage function—may be better appreciated by considering the present controversy over the central banking scheme, which, in its essentials, Senator Aldrich approves, and then asking a question about it. This scheme involves the idea of a private central bank, located in some commercial center, which shall be under government supervision, be invested with all the functions of money-issuing, clearing-house service, and credit brokerage, and constitute a kind of bank of banks to which all other banks shall be allied, not necessarily as branches, but at all events as customers and dependents. We need not here discuss the pros and cons of that scheme. They are generally enough known for all our present purposes. We shall proceed, therefore, to our question.

Our question is, Why not recognize practically, in any readjustment of banking in this country, the three essential differences noted above? Why not take into account as separate functions demanding radically different adjustments, the functions of issuing money, of furnishing clearing facilities, and of dealing in credits?

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Consider the credit-brokerage function first.

With no fear of successful controversy, it may be stated that this function cannot be subjected to governmental control in any mechanical way. Government may regulate it in general terms, but it cannot efficiently and safely perform the function itself nor delegate it to commissioners. More than almost any other thing in the whole realm of business life, the social service of interchanging business credits demands an automatic regulator which only a lively and omnipresent interplay of individual self interests can supply.

Does it not follow, then, that the credit-brokerage function of banks should be left as free to individual control as reasonable precautions against

intentional fraud will permit? The freer it is, within those limits, the less monopolistic it will be.

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But of the clearing-house function of banks that is not so.

This function is of a kind which, left untrammelled, tends to destroy competition and to create monopolistic rings in banking. The banks already in a clearing system can ward off competition, and we are assured that they actually do ward it off, by denying clearing-house facilities to newcomers except upon impossible or onerous terms. The problem of competition may thereby at any time or place become, not one of organizing a responsible competing bank merely, but one of organizing enough competing banks to make a new clearing system, or a new banking ring of sufficient importance to break into the old one.

Yet the clearing-house service is so mechanical that in all its essentials it could be efficiently and safely managed as a government institution.

Business men deposit checks of their customers in their respective banks; the banks send them to a clearing house; they are there set off against one another; and small balances are struck daily which are paid in money by the debtor to the creditor banks through the clearing house and which aggregate less than 5 per cent of the clearing transactions. From beginning to end this service (separated from the credit considerations which admit the customer to the conveniences his bank offers, which is a private business consideration easily controlled by competition) is bookkeeping and nothing but bookkeeping.

Why not governmentalize it, then, and extend it? Why not have a central clearing house instead of a central bank? Why not confine this central clearing house to clearing-house functions, and, governmentalizing it, locate branch clearing houses wherever needed? Since clearing houses now require deposits from banks sufficient to cover their balances, government would assume no other than a bookkeeping responsibility by merely following the established custom.

By some such arrangement, the whole banking system would be freed from monopoly through clearing rings, because any bank whatever could secure clearing facilities national in scope by simply keeping up its deposits of security for its clearing balances.

By the same arrangement competition in the basic banking function, credit brokerage, would be vastly strengthened if not wholly freed. This function would then be at the command

of any bank, old or new, little or big, as an individual or corporate business enterprise, subject only to such precautions as Congress or the State legislatures might take against swindling.

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Nor is that all. By investing the government's central clearing house legally with a function which private clearing houses now adopt illegally—a most useful and appropriate function, however—could not the currency question be settled in all its bearings except as to long time debts?

Clearing houses now issue clearing house certificates in times of currency stringency. Why not authorize the government's central clearing house to do something akin to this in similar circumstances, under authority of the appropriate Executive department and subject to proper Congressional regulation?

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Our concluding question, then, is whether the foregoing suggestions do not indicate a desirable substitute for the central banking idea, and if not why not?

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THE BEAST THAT KILLS.

One thing much needed by the people is accurate knowledge of the corporation political machine, what it is, what it does and, particularly, how it works. We read and hear much about the corporation political machine, but few of the writers that use the term have more than a very vague idea of it and its methods, and probably not more than one man in a hundred, if that many, has even a vague idea of this Thing that has its fingers in almost every home and leaves its mark on almost every ballot.

Two men have recently set themselves to describing this "Beast that Kills" so that its tracks and marks may be recognized and the people may know "how it works," and why it exists. The first writer is Franklin Hichborn, of Santa Clara, California, who has just published a book, "Story of the Session of the California Legislature of 1909." The second writer is Judge Ben B. Lindsey, of Denver, Colorado, who has just begun in Everybody's Magazine the publication of his political autobiography, edited by Harvey J. O'Higgins.

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The first instalments of Judge Lindsey's series promise that his story will be one of unusual interest and great value. Not only is it well worth while to read these first and second in-

stalments, now out, but it is worth while to read the publisher's story of the care taken to insure the public against a "false alarm" story. To one familiar with the corporation machine, its work and methods, Judge Lindsey's articles bear the unmistakable impress of truth. There is no possible doubt that he has seen the Beast.

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Judge Lindsey's article and Hichborn's book are interesting, again, because each writer has seen the Beast in a peculiar light. Hichborn has seen it through the eyes of a trained, fearless, truthful, independent newspaper reporter. He has seen it, as he says, year after year when the California legislature was in session at Sacramento, as well as year after year in all sorts of political conventions and political campaigns—and between times in its noiseless team-work among the people.

It should be said that Hichborn's opportunity to take off the casing and show the springs, wires and wheels of the machine came to him because he was employed by a truly independent daily paper—the Sacramento Bee—to report the proceedings of the legislature. Doubtless other correspondents have seen as much as Hichborn has seen, and know as much as he knows. But the others looked through the colored and distorted glasses of "the policy of this paper," and wrote with strings attached to their pens. All that the Bee wants is the truth told in plain English.

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Judge Lindsey's first installment of "The Beast and the Jungle" tells how he came to see the Beast because of what the animal did to his friend and tried to do to him. It will be interesting to see how the story develops. He has not yet drawn the picture of the Beast, but his few first strokes are proof that he knows its color, its size and the length of its teeth and claws.

Hichborn tells what the Beast does to you and to me—not what it has done or tried to do to him. He has stood within close range of the Beast and snapshotted it in action. He gives 328 pages of moving pictures that will be recognized instantly by anyone familiar with the work of a political machine.

The chief value of Hichborn's book and of Judge Lindsey's story—as far as this has been published—is that they are as useful for the voter of Massachusetts, Rhode Island, Pennsylvania or any other State as for the machine-ridden voter of California or of Denver. The machine uses practically the same methods in all the States and