the General and Secretary Ickes have strong reason to doubt that any commission upon which they both sit will be harmonious.

In regard to the other appointments made by the President before he left, there was, of course, more interest in the personnel of the new Securities and Exchange Commission than any other. It was a disappointment to the liberal element in the administration that neither Mr. Landis nor Mr. Pecora was made chairman. Either would have suited them far better than Mr. Kennedy, who seems to have been selected partly through the influence of certain conservative financiers with whom the President conferred and partly from the President's desire to take an alienated friend back into camp. Mr. Kennedy had not only helped finance the pre-convention Roosevelt campaign but had made liberal gifts to the Democratic National Committee. It seems, too, that Mr. Kennedy, while not devoid—so he says—of liberal tendencies, is a warm friend of Mr. Farley's, so warm that no one was more rejoiced over his selection than the Postmaster General.

The chief objection to Mr. Kennedy has so far come from various Democratic Senators who pointed out that he had been exposed as one of the participators in the Libby-Owens-Ford Securities Corporation pool, out of which some $395,000 of profits were made. It is intimated that this point will be urged against his confirmation when the Senate convenes next year, but I do not believe it will be effective. By that time the Kennedy appointment will be old stuff: he will have been functioning for six months. The idea that he will then be rejected is absurd. Besides, it is hinted that such parts of the Commission's job as affect trading on the Exchange will be largely in the hands of Mr. Pecora, and that that was one of the conditions on which he agreed to serve. In any event, before the Commission gets very far some basic differences of opinion as to methods and machinery are likely to develop. The personnel of the Board makes such division seem more than likely—far more.

The one thing that seems certain is that the element opposed to the selection of Landis or Pecora as chairman—on the ground that their administration of the Act would be too drastic—had its way with the President. There is little doubt that at first he intended to name Mr. Landis, and that Mr. Pecora was his next choice. Mr. Kennedy did not really come into the picture until a few days before the appointment was actually announced.

During the next six weeks, activities in Washington will be confined mainly to setting up the new organizations authorized by the recent Congress. There do not seem to be any big decisions to make and if any crop up, they will come from Mr. Roosevelt, who, thanks to the powerful radio equipment of the "Houston," can receive reports and issue orders as easily as he could from Hyde Park—more easily than from the "Amberjack III" or the palatial Astor yacht, upon which he spent three weeks while Congress was in session. And running the country by radio will appeal to Mr. Roosevelt. No one who knows him will minimize the fun he will get out of that.

T. R. B.

Washington.

Other People's Money

Of Commissions and Commissioners—The Jackals of Finance—Mr. Kennedy's Record—Little Lessons in Looting

THIS IS indeed an impossible world. Last summer Ferdinand Pecora was busy probing the sins of Wall Street. At the same time Joseph P. Kennedy was busy with a group of his pals—Mason Day, Harry Sinclair, Elisha Walker, of Kuhn, Loeb and Company, and two or three others—putting over a pool in Libby-Owens-Ford Glass Company stock. The pool was inspired by Walker of Kuhn, Loeb in whose office at the time Pecora was drilling for facts. It was managed by Mason Day of Redmond and Company, stock brokers, where Joseph P. Kennedy had his office. This was one of the pools that produced the squalid little boom of 1933 and when these poolsters withdrew and the boom collapsed the administration denounced the men who had operated them. Pecora was directed to investigate them. And when he did, the trail brought him at once to the office of Redmond and Company, from which Mason Day and Kennedy were operating. There Pecora dragged into the light the activities of this pool in which, without supplying five cents of capital or intelligence, Kennedy made $60,000. Day described Kennedy to Pecora as a capitalist and he defined, at Pecora's request, a capitalist as one who makes money but does not have to work. Kennedy fitted the definition perfectly.

This pool, mind you, was formed in the moments when the New Deal was mounting to frenzied heights of power, in the midst of the Wall Street investigation, when Mr. Pecora's agents were swarming over the Street.

Only four months ago Pecora submitted his findings about these pools to the Senate. Immediately thereafter he was directed to prepare the Stock Exchange Control Bill. He did so. And in time the bill, with its most effective sections cut out, was passed. Then I was told by some of the men who had collaborated in preparing the bill and who heard much that went on behind the sacred curtains that the President would make no appointments to the commission until the Senate had adjourned. Why? I asked. Because, I was assured, the President wants Jim Landis on the commission and he is afraid the Senate will refuse to confirm him. To this I made the following reply: "I do not believe this is the President's fear. I do not believe there is the slightest doubt that the Senate will confirm Landis. They confirmed him as a member of the Federal Trade Commission. He is stronger now than then. The suggestion is preposterous and, I believe, insincere. However, I will suggest why the President holds back. Having passed a bill to control the Exchange, he will, in obedience to his well known policy of carrying water on both shoulders, now look around for some means of placating Wall Street. He will name a chairman of the commission who can be depended on to be reasonable, to see Wall Street's side of it. The President knows that if he names such a man the Senate will rise on its hind legs and smite the nomination. That is why he is postponing nominations until the Senate adjourns."

To this these young men, filled with confidence in the

President, replied with reproaches. They said I was an ill natured critic of the President. They insisted that he was incapable of such an appointment. I reminded them of Earle Bailie and a few others. But they were genuinely shocked that any man could be so sour-spirited as to suppose Franklin D. Roosevelt would do such a thing.

Of course, I did not in my wildest dreams imagine he would appoint a speculator as chairman of that body. There are various groups in Wall Street. There are commission brokers who scrupulously refrain from speculation, will not let their employees speculate, operate no pools, believe in market reform and who, in accordance with their lights, operate their brokerage businesses in a civilized manner. I thought perhaps Roosevelt would appoint such a man, though I felt this would be a grave error. I did not think he would go to the bottom of the heap—I speak of the Wall Street operators. Below the commission brokers in civilized rating would be the floor traders, who should be excluded from the Exchange. Below them are the specialists who speculate for their own account and who should be whipped off the floor. And below them are the outside speculators, fellows like Matthew Brush, Jesse Livermore, Percy Rockefeller, Arthur Cutten, Tom Bragg. They frequently have desks in brokers' offices where they play the game close to the ticker and close to their shirt fronts. Who, I ask, would have believed, as Pecora last February unfolded the sorry tale of the repeal pools, that the President of the United States would have gone to this class?

And now the shirt-stuffers have gone to work on Mr. Kennedy. Mr. Arthur Krock, the very intelligent correspondent of The New York Times, amazed me with a column about Mr. Kennedy in the most approved Forbes Magazine manner. He told us how, when only twenty-five, the directors of the Columbia Trust Company had elected Kennedy their president. He did not say that this was Kennedy's father's bank—a little neighborhood institution—and that he had inherited the job. That was not frank. Then Mr. Krock pictured the amazing moving-picture executive. Mr. Kennedy's chief moving-picture experience was as chairman of Pathé Exchange, Inc.

In the twenties the bankers were roving the country devouring banks, utilities and, as we know from the amazing story of William Fox, moving-picture companies as well. One of these was Pathé Exchange, Inc. Blair and Company, of which Elisha Walker was the guiding spirit, got its fingers around the windpipe of Pathé Exchange, Inc. Mr. Joseph P. Kennedy was put in by these gentlemen to build up and expand this old company. He was given aid by way of a new issue of debentures to the extent of $6,000,000. Thus armed and with the nation just moving into the final tempo of that grandest of all prosperities under the late-lamented Mr. Coolidge, Mr. Joseph P. Kennedy, who belonged to the Coolidge New Era if anyone ever did, proceeded to build up Pathé.

Here is the story of that brilliant success told in a simple column of figures. These figures give the gross sales and the costs of Pathé Exchange, Inc., from 1924 to 1930. The line between 1926 and 1927 marks the spot where Mr. Kennedy stepped forward to assume control. One column gives gross sales for each year. The second column gives costs. Mr. Kennedy came in in 1927. Now look at the story:

1924......	$16,459,385	$15,002,920
1925......	18,151,827	16,614,946
1926......	16,828,590	15,938,132
1927......	17,553,525	18,353,154
1928......	17,256,321	19,548,710
1929......	18,166,877	18,549,188
1930......	14,581,210	15,601,371

Beginning with Kennedy, sales increased very little, but costs rose rapidly. In the three years before the coming of the wizard, the company's sales exceeded costs each year. In the four years after Kennedy the company's costs exceeded sales every year. What is more, the carrying charges not shown in the table were worse. They were around $125,000 a year before Kennedy. They were around $430,000 a year after Kennedy. Under his brilliant management the common stock ceased earning anything and the earnings for preferred stock were more than cut in half, and finally extinguished. The common stock went from around $12 to $1.50 a share. Finally the company was sold to R.K.O. to escape complete dissolution.

This is the man who, we are told, succeeds in everything he undertakes. But he has succeeded in one thing and that performance must make the admirers of great acrobatic feats gasp with wonder and admiration. He has gone from a desk in a broker's office to the headship of the commission that will manage Wall Street for the New Deal.

And thus the man who named William Woodin, the client of the Morgans and a participator in its favors; who named as Treasury adviser Earle Bailie, fresh from those South American bond issues for which his company was denounced by Senator Johnson and a Senate Committee; who turned loose upon the Stock Exchange Bill two high Treasury officials who pretty effectively emasculated it, has now appointed a Wall Street speculator, from a Stock Exchange brokerage office, one that has managed so many pools, as chairman of the Securities and Exchange Commission.

I say it isn't true. It is impossible. It could not happen.

JOHN T. FLYNN.

CORRESPONDENCE

A California Correction

SIR: In The New Republic for June 6, 1934, Ella Winter makes a parenthetical statement that the University of California College of Agriculture is "set up and largely financed by the Bank of Italy, which finances a large part of California farming."

This statement is untrue, and we would appreciate a public correction of it in view of the handicap which it may place on the work of the University of California. The University is a state institution, and its College of Agriculture was established by a constitutional provision. The maintenance of this College devolves upon the people of California and on the federal government almost entirely. A few years ago A. P. Giannini of the Bank of Italy gave to the University of California a fund of $1,500,000 to be used for the establishment of the Giannini Foundation for Agricultural Economics, and for the construction of a building to house it. Income from the endowment portion of this gift, amounting to forty or fifty thousand dollars a year, is less than three percent of the total annual budget of the College of Agriculture.