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### A DESERVED REBUKE

The rebuke administered to Chief Engineer Wallace by Secretary Taft was fully deserved. Mr. Wallace applied for the position; he was then earning \$15,000 a year and asked that his salary be fixed at \$25,000 in view of the fact that he had to reside on the isthmus. The government complied with his request and he went to work. But before he had time to more than acquaint himself with his duties he received an offer from a New York corporation accompanied by an advance in salary. Without stopping to consider his obligation to the government or the embarrassment which his resignation would cause, he immediately obtained permission to return to New York on "important personal business." When he arrived he laid the matter before Secretary Taft and stated that he felt that his own financial interests demanded that he resign. Secretary Taft was so indignant at the purely mercenary view that Wallace took of the subject that he demanded his immediate resignation.

The secretary was right. A public official who at a critical time withdraws from a public work merely because he can make more money elsewhere is not fit to be an official. Mr. Wallace may accumulate more wealth in his new position (although he was drawing from the government half as large a salary as the president, and three times as much as members of the cabinet) but he will never wipe out the stain that his greed has put upon his good name. Even if he had no sense of honor, one might expect him to show some gratitude for the raise from \$15,000 to \$25,000, but he seems to have thought of nothing but money. Good riddance, and may the administration find a man instead of a gold worshipper to take his place.

And, speaking of resignations, why could not the trans-continental roads postpone indefinitely the building of the canal by bribing the canal officials with higher salaries? It was the railroad influence, led by Senator Hanna, that substituted the Panama route for the Nicaragua route and it was suspected at the time that the chief reason was that the voyage from New York to San Francisco was 1,200 miles longer by way of Panama. Now, if these same influences can take away the experts employed to conduct the work they can keep up trans-continental rates. It would be well for the president to examine into the antecedents and corporate connections of those who apply for responsible positions in the construction department of the canal enterprise.



## .....ETHICS IN HIGH FINANCE.....

The investigations and exposures of the last few years have enabled the public to take a measure of the ethics of high finance. In 1896 it was assumed by the "sound money" advocates that a great financier was the very embodiment of patriotism, honor and business integrity, but this idol has been widely shattered. First came the shipbuilding trust investigation. That showed that a number of money magnates formed a conspiracy to deceive the public and that a few of the conspirators formed an inner circle conspiracy to take advantage of the rest of the conspirators. Then came the Munroe & Munroe investigation. That showed that the second vice president of the largest bank in the United States was in a syndicate formed to fleece the public through "wash-sales." Then Lawson came forward with his story implicating the president of the largest bank and leading spirit of the Standard Oil trust in a gigantic fraud. Following this the Equitable squabble brings to light a riot of criminal misuse of trust funds which has startled the country. And during this period of investigation Miss Tarbell has given us a history of the lawlessness of the oil trust, Mr. Russell has shown up the methods of the beef trust, and the interstate commerce commission has revealed the rebate practices of the railroads. Here we have bankers, railroad magnates, promoters, manufacturers and speculators all vying with each other in the use of methods which offend against both statute and moral law. What shall we say of the business ethics of these men who are actually engaged in exploitation or who lend their names to exploiters and draw salaries for doing nothing? When one is condemned his defense is that "others do the same"—a defense offered by the president for not punishing one of his cabinet. Larceny is a comprehensive term and it applies as much to the respectable thief who steals a large amount by indirection as it

does to a professional pickpocket who pilfers on a small scale.

Of all the rascality recently exposed nothing surpasses the conscienceless transactions of those who were in charge of the Equitable. Scarcely a day passes but some new form of embezzlement is announced. One day we learn that a coterie of directors made thousands of dollars by selling bonds to the company—sold to themselves. This was in violation of the law, and they are now returning the money. The next day we learn of pensions and salaries that represented no service. Then we find that the officials raised their own salaries to enormous figures and taxed their personal expenses to the company. What is this but larceny? And now Mr. Morton announces a reform, and what is it? That directors will no longer be paid \$25 per day when they do not attend. It seems that the dummy directors who did nothing when present, but approve of reports which they did not examine, were drawing \$25 a day whether present or not. What shall we say of a lot of eminent business men who thus enriched themselves out of trust funds, supposed to be held sacred for widow and children.

The thimble-riggers at a street fair are engaged in more honorable business for they cheat those who are foolish enough to risk their money on a game known to be dishonest, but these thimble-riggers of high finance rob the helpless and the dependents under the guise of doing an honest business. The directors who knew what was going on shared in the crimes committed against policy holders—the directors who did not know what was going on were scarcely less criminal because they were sleeping sentinels whose watchful eyes would have saved the policy holders.

It is time to establish a higher ethical standard among our financiers.