

Bryan's liquor fight at San Francisco. That is a question of the past to the West, hence a subject for prompt oblivion. Long before New York discovered that prohibition had been put over on it suddenly and surreptitiously, the saloon had been banished from nearly every state west of the Mississippi. The West merely did not want the issue revived and was satisfied to have the Democratic platform ignore the subject. Had the ignoring only stopped there!

The West had fondly promised itself a Democratic platform which should give the lie to the oleaginous mess cooked up at Chicago. Ringing was to be the word. It heard Secretary Glass's production with eager hope. The sentences were shorter. There was linguistically more punch. But the distillate of ideas was astonishingly like that of Chicago in quality and quantity. It rang like a pewter dollar.

Anyway, platforms mean only what the men on them mean. The candidate would redeem the platform, perhaps. The West waited and hoped on.

On the twelfth ballot came New York, New Jersey, Indiana and Illinois,—Murphy, Nugent, Taggart and the Sullivan administratorship—Blucher-ing into the Cox column. "That kills Cox," said the West. "They won't dare nominate a man O. K'd by such a crew." But maybe Cox wasn't responsible for that. The West is fair. Again it waited. Through thirty ballots it saw that rigid backbone of bosses hold stiff for Cox, wear down the opposition to Cox; and on the forty-fourth put Cox across. The Democrats had named a candidate in debt for his glory to a string of bosses

who, according to western understanding, do nothing for nobody. Incidentally the candidate and his makers were such as to set the liquor sore to running again. Flattened beneath this triumphant procession of boss made candidate on an empty platform lay the Democratic West's symbols of Democracy, Bryan and Wilson.

The glory that was 1916 was faded, gone. On the shelf with the Republican buckwheats with tallow the West now ranges the Democratic cold potatoes with oleo. Let them lie awhile. The West isn't hungry yet. Not even a candidate for Vice-President from within a hundred miles of the centre of population where West meets East! The West wants time out to think.

Never in its short political life, had the West been without at least a stepmother. Once or twice it felt itself possessed of both parents. Now it finds itself out on the doorstep, a one hundred per cent political orphan. In its humblest past the Republicans would put a tariff on the corn which the West exported at Liverpool prices. In its deepest depths the Democrats would come as far West as Illinois with a vice-presidential nomination. This year no alms, not even a smile. New York is avenged for 1916.

The men take it philosophically. The women, not yet accustomed to political handouts, are less resigned. What the West will do it doesn't know itself as yet. For the first part, we think, it will go fishing. Later on it will strike a balance or perhaps flip a coin. One thing is sure. It won't worry over the result. Why should it?

WALTER LOCKE.

## Control of Industry: Whose Right?

**D**EMOCRATIC control of industry: that is an idea new and dubious to the schools, new and abhorrent to the business man. It is not after all a great many years since the schools seconded the business man in his claim to untrammelled discretion in all that pertained to the productive process. Even now, after a century of labor legislation, there is no difficulty in finding either practical men or theorists to deny the beneficence of laws that "interfere with nature" in such matters as hours and hygienic conditions of employment, matters plainly affected more with a public interest than with a private. Almost everyone nowadays admits that the public has a right to determine whether or not its food shall be "doped" with formaldehyde or benzoate of soda, but it is

still apparently a minority who believe that the public might wisely inquire into the proportion of shoddy that goes into our "all wool" clothes. "Laissez faire, morbleu, laissez faire." Let us not tug too hard at the skirts of those who are trying to make us some kind of cloth, even counterfeit, lest we find ourselves compelled to go naked.

But all the argument against the familiar forms of public interference turn on the point of expediency. No child labor, it used to be argued, meant support of poor families at the public charge and dear wares besides. Could the public afford it? This new idea of democratic control of industry goes beyond expediency to fundamental rights. We had left it to the owners, or, in the corporation, to their theoretical representatives, the directors,

to act according to their own discretion in all that immediately and necessarily concerned profit and loss. It was theirs to decide whether the plan should be utilized to full capacity, or be shut down, in part or in whole, until the dearth of stocks on the merchants' shelves cried out for more production. It was theirs to decide whether new plants should be erected or old ones dismantled. For after all, was not the capital theirs, to serve public purposes or not according as the public offered satisfactory terms as to profit? The movement for democratic control threatens this last stronghold of private business. From quarters so industrially diverse as the mine workers and the clothing workers you hear the demand for continuous employment, year around support of the working personnel, without regard to market conditions. There is a rapidly growing sentiment in favor of a new scheme of industrial organization in which both the workers and the general public shall be represented in the corporation directorate and have a voice in every business decision. Think of that. You who have worked and saved to put money into a corporate investment are to see men who have put in no money at all voting you down when you would like to play a safe or a reckless game as the case might seem to you to demand. You are to see your industry operating at full time up to the very teeth of a commercial crisis, in order to obviate or postpone unemployment. Did not the sacrifice and thrift at the basis of your investment entitle you to certain special rights in the matter?

Of course you have special rights. There is no scheme of democratic control widely advocated that proposes to constitute a majority voting power against the investor. But that the investor may properly be asked to share his control with other interests will not appear such a revolutionary proposal when one takes into account the methods by which most present day accumulation of capital is effected. Let us not ignore the old fashioned thrifty individual, who pares down his personal expenses and manages to get a few hundreds or thousands to put into railways or steel or the textile industry. There are legions of such individuals and their merits are not to be minimized. Just the same, they are no longer even the chief accumulators of capital for industry. In fact, when we take into account the preference of such savers for investments of fixed income, such as government and corporation bonds, real estate mortgages, life insurance policies, interest bearing savings deposits, etc., we are practically driven to the conclusion that the thrifty investor hardly figures at all in the creation of the industrial capital that is

now protesting so violently against democratic control.

Such capital arises principally out of profits never distributed in dividends, to be consumed or saved, but held as surplus and reinvested. Everyone is familiar with the methods by which the Steel Corporation transmuted its original water into solid gold. Out of its profits it paid interest on its bonds, dividends on its preferred stock and just as much on its common stock as any stockholders could reasonably claim. What remained over—and it was a vast sum in good years and a respectable sum even in the worst—went back into the business to erect new plants and install new machinery, until its billion, mostly paper and water, became much more than a billion of really tangible assets. The Federal Trade Commission offers an even more striking illustration in its history of the capitalization of Armour and Company, meat packers. In 1868 they commenced business with an investment of \$160,000, which we will assume to be genuine savings out of personal incomes. Since then fourteen millions have been added through contributions from stockholders or through the sale of new stocks to the public. About thirty millions have been paid out in dividends, out of earnings of \$179,000,000. The rest of the earnings, approximating \$140,000,000, when war taxes are deducted, have been put back into the business, and were covered in part by a stock dividend of \$20,000,000 in 1900 and another of \$80,000,000 in 1916. Of the present net worth of the company only "about eight per cent has come from cash or property contributions on the part of the stockholders."

I am not inveighing against the reinvestment policy of Armour and Company and our other great corporations. That policy looks to me laudable, both from the business and from the social point of view. A corporation has, as a rule, a right to divide every cent of its earnings in dividends. If it saw opportunity for reinvestment, it might appeal to its stockholders to subscribe to a new issue. Some of them would respond, but few, we may safely assume, would turn back the whole of their dividends beyond a fair minimum. The Armour company might have become great, it might even have gone up into the tens of millions, if it had pursued the policy of profit distribution. It would certainly never have become the power it is, for good or evil. A new institution, independent of private thrift, is working for the corporation. And we are silly to argue for the institution on the premise that it is nothing new.

We have no doubt a much richer productive equipment, a much greater national industrial power, in consequence of the practice of withholding

surplus earnings and reinvesting them. Any corporation which is unwilling or unable to follow this practice is quite sure to languish. One of the chief reasons why our railway corporations have failed to keep pace with the times is that under public regulation there is little or no surplus after the just claims of bondholders and stockholders have been met. If we are to win back and consolidate our old position of primacy in railway transportation, say the railway spokesmen, we shall have to give them a rate structure that allows for a comfortable surplus for reinvestment. It seems to me that the argument is sound, if we must rely upon private capital to furnish us with transportation service.

What this policy of surplus investment involves is clearly indicated in the last example. The public, as a buyer of transportation, is required to furnish the capital needed for improving the transportation system. That capital is to be furnished through an addition to freight and passenger charges, through an indirect tax, as it were. Just so the public furnished the money that displaced the water in the Steel Corporation's capital. It paid a little more for every bit of hardware it consumed, just as it might have done if the government had laid a sales tax on steel products. Each customer of Armour's, through fifty years, has thrown his mite into the corporation's strong-box. He has paid a tax, whether exorbitant or not, to enable the Armour family to build up one of the most powerful economic units in the world. The consumer has contributed his eleven dollars to the Armour capital for every dollar contributed by the stockholders. And now he pays a fair return to the stockholders on the whole twelve dollars, and a surplus besides to raise the Armour economic power to a yet higher potency.

It makes, no doubt, for business efficiency, and, as a rule, also for productive efficiency, to grant to private corporations the power to aggrandize themselves and advance the interest of their stockholders, at least up to a generous limit. But it is really preposterous to assume that such self-aggrandizing business concerns must be viewed exactly like the concerns painfully capitalized out of the meagre savings from personal income. The more nearly the capitalization process becomes institutional and quasi-automatic, the further we recede from the condition in which the "owner" may claim complete control, the right to do as he wills with "his own." The Armour company is executing a common trust in managing its small fraction of private savings and its huge bulk of enforced public savings. Perhaps it is administering the trust well, as William of Normandy and Henry of Navarre exercised

well the trust of absolute governmental powers they wielded. That is something that will not forever be taken for granted, in a democratic age.

The general public will desire to know why the Armour company adopts a policy, say, which looks like a discouragement of the live stock producer and a prospect of shortages for the consumer. The working personnel will desire to know why it is necessary to pursue a policy that involves periodic crises of unemployment. And as these desires become more definite, it will come to seem altogether irrational that the stockholder alone, though contributing only a small proportion of the capital, should try to arrogate to himself absolute power over the industry, power to save or destroy producer or consumer, power to make freemen or slaves of the workers who serve the public through the industry. The control of industry may perhaps for convenience be entrusted yet a while longer to directors who are chosen by the stockholders. That can hardly be for a very long time, unless the directors come to recognize that they represent only a part interest, perhaps only a vanishing minority interest, apart from the public out of which industrial power is generated. They must protect the stockholder's interest, but if they conceive that to be their whole duty, they must sooner or later find that control is not to remain in their hands, but must be distributed among all those who hold equitable rights in it.

ALVIN JOHNSON.

### Truant-Leaves

The leaves are playing truant  
 From the nunnery of a maple tree;  
 The stars with all their whispered epigrams  
 Could not snare them to the hills,  
 Nor could the twilights,  
 Strumming frail adagios of dream,  
 Lure them down the roads;  
 But autumn came  
 With a gift of wine,  
 And dancing shoes,  
 And mantillas,  
 Stolen from the shoulder of some rainbow,  
 With castanets  
 And tambourines of wind;  
 And now,  
 The leaves are pirouetting on bewildered hills  
 Tipsy with the miracle of song,  
 Or poisoning flagons of dew on their shoulders,  
 They go dancing little scherzos  
 Down the roads,  
 These pagan girls,  
 Who once wore hoods of silence  
 In the nunnery of a maple tree.

DAVID ROSENTHAL.