

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.

Five Months Ago

THESE excerpts from The New Republic were published in the period from October, 1919, to March, 1920:

Poland's Real Problem Domestic

(The New Republic of October 1st, 1919)

In a fresh appeal Premier Paderewski seeks financial support from the United States. Americans, he says, have "but little realization of the immensity of the problems with which we have to cope." That statement is probably true. With an imperialist government and a discontented peasantry Poland has nevertheless been called upon by the French Foreign Office to put an army into the field against Russia. That the Polish government should desperately need foreign capital is in fact one indication of its weakness. For there are funds in Poland—if the government could get them. They belong to the wealthy landowners. But these funds the landlords are turning into francs—to be shipped to places of safety. Pogroms, for the present, satisfy the land-hunger of the peasantry. But the landlords know that this hunger may go further.

War Against Russia

(The New Republic of December 3rd, 1919)

From whatever angle the thing is studied there is no longer any doubt that the mass of the Russian people will support the Soviets against the old-regime generals and foreign bayonets. This is the truth on which our own attitude towards Russia has always rested, and we are entitled to say that the evidence has become steadily less imperfect. Those who listened to Robins, Thompson, Thatcher and Wardwell have been ever so much more nearly right than those who listened to Sack and Sazonov and Pichon.

The time has come, as Mr. Lloyd George confesses, to liquidate the Russian folly. It is a universal disaster on all the frontiers of Russia, and would continue to be a disaster even if some general backed by tanks and gas should make a successful raid on Moscow or Petrograd. There is nothing in that policy except death and mutilation and the permanent embitterment of the Russian people.

Poland on the Offensive

(The New Republic of February 4th, 1920)

A Warsaw report published in Copenhagen states that the Polish cabinet has ordered general mobilization. For what purpose? As a means of protection, this report says, against Russian aggression. Poland on the defense against Soviet armies pre-

sents an unusual spectacle. The line of resistance is not upon the generous frontiers granted by the Peace Conference, but some two hundred kilometers to the east of them. From the first, French influence has worked to keep Poland on the offensive. When the Polish armies have been withdrawn to within striking distance of their own frontiers it will be time to believe that Poland is indeed waging defensive warfare.

The Right Policy

(The New Republic of February 25, 1920)

For the relief of the starving in the new states of Central Europe and Armenia at least \$125,000,000 is imperatively needed, according to the most conservative expert estimates. There is grave danger that Congress will refuse to appropriate this sum, or anything near it. Retrenchment in public expenditures is one of the reasons why Congress is reluctant to vote liberal relief funds, but another and more creditable reason is the fear that much of the relief given will be diverted, directly or indirectly, to the furthering of military enterprises. The testimony of General Bliss that the Poles are holding a line from 280 to 380 kilometers east of the boundaries fixed by the Peace Conference, thus in effect inviting attack from the Russians, dampened considerably the ardor of those Congressmen who favored relief for Poland. General Bliss proposed that if we gave the Poles food we should require France and England to give them arms; but neither was that proposal reassuring. The way out was indicated by the proposal of Representative Green, that as a condition of relief for Poland, the Poles should retire within their proper boundaries.

Poland Exhausted—Peace Coming

(The New Republic of March 3rd, 1920)

It is as certain as any future political event can be that the Allied nations will very soon negotiate formal peace with Soviet Russia. . . . As for the United States, it will, of course, troop obediently along well in the rear of its European associates. . . . Peace with Russia is coming. . . . The attitude and the situation of Poland is the immediate fact which renders the signing of a general peace inevitable. That country occupied the key position in the plans of the anti-Soviet French political strategists. The Poles were to supply the garrison of the most vulnerable part of the great Chinese Wall which French statesmen wished to build around the Russian Revolution. In order to carry out this policy Poland has since the armistice wasted her resources, impoverished her people, and indefinitely delayed her domestic recuperation. But she has now come to the end of her tether.