

their good behavior. Their power is not taken away, but they are enjoined to exercise it benevolently.

If that is to be the policy of the future, it is important to take stock of the machinery which we have on hand to administer such a policy. For administration of the highest order it will surely require. Logically applied, the policy of the steel trust decision will require a constant and unremitting tutelage of government over big business. If the power for evil is left, only constant vigilance will prevent the abuse of that power. It is obvious, for example, that a combination of the leading producers in a given industry can dominate the market if they desire. There may be no formal or technical "control" of prices. Even "Gary dinners" may be omitted out of deference to the Department of Justice. Competitors may be nominally free to underbid the trust. But the price list of the trust will govern the market; the independent will know that to underbid it is to court trouble. Naturally he will prefer to stay "under the umbrella." Hence to secure the public against injury, the logic of the steel trust decision will require supervision of prices, and if of prices, of course also of quality of output. Moreover every combination of competitors narrows the labor market, and gives the trust a greater power to maintain low wages and long working hours. To make the combination harmless, its labor policy must therefore be supervised. And for the protection of competitors there must be a constant watch over the methods of competition.

Are we ready to accept these consequences, so clearly implied in the logic of the Supreme Court's decision? Have we so far perfected the art of administration that we can safely undertake so vast an extension of governmental power? Has the Federal Trade Commission, for instance, vindicated the hopes of those who saw in it the promise of a new era in industrial control? Have our federal courts acquired a sufficient grip on the realities of industry and commerce to enable them to regulate and not merely to draw refined legal distinctions? The opinions of the Justices in the steel trust case scarcely indicate that they have. Nor does the experience of the past decade in railroad regulation promise much for the future.

If Congress and the public acquiesce in the new principle that it is not the mere acquisition of power by combination but the injurious exercise of power that is prohibited, they must set promptly and earnestly about the task of learning the science and art of administration. If the science is not developed, and the art is not improved, the new policy will surely fail, and we will have to go back to trust-busting—or forward to nationalization.

The Living Ideas of Woodrow Wilson

A DETACHED interpreter might perhaps sum up the events that have taken place since the armistice in some such way as this: The victors met at Paris and wrote a Treaty. They devised an arrangement for keeping Germany in permanent subjection and for denying independence to the Russian people. This project was based on the theory that America would lend itself to the task. And America, in the person of the President, promised to support the project.

They reckoned, however, without the existence of a legislative check on the foreign policy of the American executive. That check was exercised. This killed the Treaty as originally conceived. In the winter of 1920, the British government, with the assistance of the Italians and against the receding opposition of the French, proceeded in effect to rewrite the settlement. It was decided to make peace with Russia. It was decided to weaken the power of the Reparation Commission. It was decided to abandon the assumption of the Treaty that Europe was a feud, and to begin again on the assumption that Europe economically was an entity.

Such an interpretation would imply that more had been accomplished for peace by the absence of America than by the presence of the chief executive. The facts, it seems to us, support the idea. But they do not explain it, and a fair analysis would have to add what looks like another paradox: that Mr. Wilson as negotiator neutralized Mr. Wilson as prophet, and that only when Mr. Wilson ceased to be a negotiator, did his prophecies begin again to affect the thought and action of Europe.

For Mr. Wilson, in his plans for a League based on the spirit of the Fourteen Points, had crystallized the only possible and the only practicable solution of the war. His vision was true. His vision was realistic. Far from representing a fine spun theory, it expressed the collective thought of informed Europe on the outcome of the war. Wilsonism was the settlement which could reconstruct Europe; the ideas of Lloyd George at the December elections, of Pichon, of Sonnino, were day-dreaming among facts that absolutely contradicted them. Those day dreams were written into the Treaty. In less than a year they are completely discredited as a feasible settlement of the war. But the President's ideas live. They live because they are true, true to the elemental facts and the elemental hopes of the world. They live, and they inspire.

They live after the President's personal prestige

is gone. Why is it gone? It is gone because he was not true to the ideas that he had stated. They were not his own ideas. They were ideas formulated by the liberals of the world, and expressed through him. Mr. Wilson expressed them magnificently. But he negotiated them miserably. Then occurred the personal crisis of his fortune. He came home to America pretending to believe, or perhaps believing, that the ideas he had negotiated were the ideas he had proclaimed. Of that he was unable to convince anyone. The ideas were stronger than he. They dissected his defence of the Treaty. They supplied the partisan opposition with a moral case so strong that an impassioned defense of the Treaty was impossible. The opposition gained steadily in strength as the moral weakness of Mr. Wilson's position was steadily exposed. For the falsity of his case not only gave his opponents a case, but it deprived his supporters of any argument stronger than that of expediency.

In a sense this is a tribute to Wilsonism. The ideas of which he was the great protagonist have been strong enough the world over to defeat the Treaty of which he was merely the unwilling apologist. Like Galileo he could recant under duress, but no more than Galileo could he retract the truth which had got loose in the world. It has a life quite independent of his. Who knows then but that history will honor the prophet and forget the negotiator? But history will have to add that during certain critical months the prophet was the most dangerous enemy of his own doctrine; the most dangerous, because he exploited the prestige of ideas greater than himself to prove that black was white.

Why They Condemn the Excess Profits Tax

A REPEAL of the excess profits tax is apparently to be one of the strong planks in the Republican platform. In the "model platform" promulgated by the unofficial New York State Convention the excess profits tax is alluded to only covertly, in the statement that "in the making of our laws we need more knowledge and understanding of the actual processes of business as well as an honest purpose to raise revenue and fairly to distribute the burden of government, instead of a purpose to punish or penalize some group or section." General Wood comes out openly with the assertion that "the present excess income [profits] tax is paralyzing initiative. It is a strangle hold upon the throat of business which must be relaxed if American busi-

ness is to have that initiative which will be necessary to give us our share of the world's trade." And Nicholas Murray Butler thunders: "The excess profits tax is a misnomer. It is unsound in theory and most oppressive and repressive in operation. It should be gotten rid of at the earliest possible moment in order to unshackle industry, to set free initiative, and to stimulate production."

What is this paralyzing, shackling, strangling, unsound, oppressive and repressive tax, this hair-raising misnomer? The weighty gentlemen, so positive in their condemnation of it, might have the consideration for the unenlightened public to state just what it is and what specifically is the matter with it; else we may vote to kill it, thinking it is something else—a good end, possibly, but arrived at in a palpably authoritarian, undemocratic way.

We do not pretend to know just how the tax appears in the eyes of Mr. Butler and Mr. Wood and the other Republican leaders who propose to destroy it. But any plain citizen who will read the law will observe the following facts about it.

A corporation which has profits of less than \$3,000 pays no excess profits tax at all.

A corporation whose profits do not exceed eight per cent on its invested capital, plus an exemption of \$3,000, pays no excess profits tax.

On profits exceeding eight per cent on capital plus \$3,000, but not exceeding 20 per cent, a tax of 20 per cent is levied. On the amount of profits exceeding 20 per cent on capital, the tax is 40 per cent.

Those are the essential features of the law. And the plain citizen would like to know in what the oppression and repression consists. In all the recent discussion of the railway earnings necessary to encourage the flow of capital into transportation, did any one mention a figure so high as eight per cent on invested capital? There is no doubt that the railway business would boom if eight per cent profits were in sight, yet the tax does not shear close enough to take a single mill out of eight per cent earnings. There is a huge volume of public service, industrial and commercial business that is not in the least discouraged by earnings of eight per cent. Indeed, it may safely be asserted that no legitimate concern making eight per cent will retire from business or restrict the scope of its normal operations; and most concerns would extend their business gradually so long as there was a reasonable hope for eight per cent.

Of course, every business concern cheerfully accepts greater profits. If twenty per cent is to be had, there is great buoyancy in business. It is no