

vate, non-Russian agency. There seems to be, therefore, in the case of the organizations particularly attacked, the two main desiderata of all public charities: scrupulous accounting and the transfer of the funds collected in the most direct way to those to be helped, with a minimum of administrative charges against contributions.

There remain as bases of criticism only two elements: the alleged close association of certain of these relief agencies with the Soviet government of Russia and the fear that some of the money contributed may go to active communists in Russia. But Mr. Hoover himself has an agreement by which he works in the most intimate cooperation with the Soviet government; he has moreover received, and is disbursing for its account, \$12,200,000. The American Relief Administration also operates a food draft system by which all the communists in Russia could be fed by their sympathizers in the United States through the American Relief Administration, itself. Apparently, cooperation with the Soviet government is no sin, when the American Relief Administration is doing the cooperating; and the reddest of the communists in Russia may be fed from America if American Relief Administration food drafts are used for the purpose.

What then is all the fuss about?

No one knows better than Mr. Hoover the difficulties of a public campaign for funds. He himself struggled against prejudice in making his appeal for the hungry of Central Europe. That he should now be largely quoted in an attempt to rouse prejudice in connection with the relief for Russia is regrettable. It is plain to anyone, Mr. Hoover most of all, that one of two things must happen in Russia: the American Relief Administration will realize its hope of sustaining 6,000,000 to 8,000,000 people until next harvest, in which case 7,000,000 to 9,000,000 people will probably die, unless relief is sent them from other sources; or a larger number of people—perhaps all of those who can be reached—will be sustained half that time, or until about the middle of May, in which case fully as many will die, unless relief is sent them from other sources. Either way it is looked at, famine relief in Russia is a task only half done by the Congressional appropriation. The other half, or at least a good part of it, may be accomplished by appeals to private charity not only in this country but in Europe.

But if these public appeals are to have any result commensurate with the need, they must have the fullest public confidence and they must be organized now. Soon the Don and the Volga will be ice free, and the transportation difficulties, over which there has been so much controversy, will be

resolved, if they ever existed. If it is to do any good, food must be at Astrakhan and Tsaritsin and Rostoff-on-Don by that time, and in order that it may be there, every responsible organization seeking funds for Russian famine relief must appeal, now, to every social class in the country to save the remaining millions of starving in Russia.

For this it is not, perhaps, essential that Mr. Hoover himself make a public appeal. But certainly nothing could do more to assure the success of such an appeal than for Mr. Hoover to state simply and frankly that the need is there to be met. When he says, in a recent letter, "I have put together \$47,500,000 against less than \$2,000,000 from all the rest of the world," for the relief of Russia, the pride is pardonable even though there is no mention of the fact that 25 percent of this amount came from the Soviet government. But it is looking backward. There is more to be done. It cannot detract and it can scarcely fail to add to Mr. Hoover's achievement to say so, and to call upon the American people to finish the job.

## New Jersey, Pioneer in Industrial Relations

WE have before us a remarkable industrial document. It is a report of the committee on Industrial Relations of the New Jersey Chamber of Commerce. This committee is composed of representative business men, whose affiliations would seem very far from convicting them of radical tendencies. Their report, which was unanimous, was submitted to the Board of Trustees of the state chamber of commerce and was adopted by them. The doctrines it embodies are therefore certain to influence the action of a considerable body of the employers of the state.

Labor difficulties, in the opinion of the writers of the report, mainly spring from three separate sources: the issue between wages and profits, the issue between the employer's traditional claim to complete power of control and labor's natural democratic aspirations, and the issue over abuses, such as arbitrary conduct of the management, on the one side, and sabotage, ill treatment of non-union labor, on the other side.

These are issues that must be settled, if industry is to prosper. What policies are to be applied to their settlement? The writers of the report group the proposed policies under three heads, constructive arrangements within the shop aiming at harmony of interest and active cooperation, indus-

try-wide constructive arrangements, and the policy of stamping out the unions and placing absolute control in the hands of the employers. What the New Jersey Chamber of Commerce says of this plan is worth quoting at length.

This militant tendency seems to make a strong appeal to many employers at this time of business depression. A movement is now on foot which, misusing the name of "Open Shop" and "American Plan" is smashing labor organizations throughout the country by locking the union out and forcibly deunionizing the workmen. Together with the abuses of unionism this movement is destroying the constructive substance of unionism and stifling the just democratic aspirations of the workmen. It is undermining the confidence of labor in employers and ruining the foundation for cooperation between them.

The policy of coercion ought to be avoided at all costs. Of the other two policies, which is preferable, direct dealings between the employers and their workmen, organized as shop unions, or dealings between industry-wide organizations on both sides? The committee refuses to pronounce a dogmatic preference. For some purposes, and under some competitive conditions, the one plan shows certain superiorities over the other. But in no circumstances is an attitude of antagonism to the union admissible.

The New Jersey Chamber of Commerce advises the installation, wherever practicable, of expert personnel departments; the encouragement of the establishment of shop representation; the admission of representatives of labor to all committees dealing with workmen's compensation, unemployment, etc.

It is unnecessary to present more details of this report to prove that the New Jersey Chamber of Commerce is many leagues in advance of those employers' associations throughout the country which assume that they are going to gain something by "going to the mat" with labor. What is it that makes a New Jersey business man behave more intelligently toward labor than men of his kind across the Pennsylvania state line? We imagine that the explanation is given in the following quotation from the report.

The practice which the State Chamber has been following of having its committees base their decisions on the investigations made by its Bureau of State Research; of maintaining the research work of the latter absolutely independent and free of all dictation from the officers or members of the Chamber as to the character of facts or conclusions to be presented; of publishing the reports of the Bureau free of all censorship; and of merely seeing that the men carrying on the research be thorough and unbiassed students, fearless in their work—this practice is sound and should be continued and further developed.

That is the secret. The New Jersey Chamber of Commerce proposes to base industrial relations on facts scientifically determined, instead of on prejudice and witchcraft. It does not merely propose this policy; it practices it. The Bureau of State Research, founded under the auspices of the Chamber and directed by Dr. Paul Studensky, turns out some of the most competent work on industrial relations known in the country. There will still be industrial conflicts in New Jersey, but the presence of such an organ of research will tend to eliminate quarrels based primarily on misunderstanding. How large a proportion of all quarrels do these represent? Nine-tenths, or only four-fifths? Anyway, it is a wide field of achievement that is opened up by this piece of New Jersey pioneering.

## In Defense of the Excess Profits Tax

ELSEWHERE in this issue we publish a letter by Mr. J. W. Helburn, which challenges our position on the excess profits tax. We commend this letter to the attention of our readers, as the strongest statement we have seen of the economic argument against the tax. Our correspondent keeps himself free from the dubious speculations about the tax as a force making for higher cost of living, which more than any sound reason led Congress to repeal the tax. He takes his stand on the solid ground of equality in taxation, and the effect of discriminatory taxes upon the general trend of economic development. The excess profits tax is a bad one, he believes, because it rests with disproportionate weight upon those corporations which pursue an active policy and carry on a maximum of business with a minimum of invested capital. It passes lightly over the old, established business with large overhead and slow turnovers, and falls heavily upon the new, competitively eager concern. Whatever influence it exerts, then, is in the direction of retarding the natural drift in competitive business from the control of tradition to the control of enterprise.

There is, we agree, great force in this argument. But a similar argument applies to other forms of taxation which we nevertheless have to retain on the statute books. One man invests his capital in gilt edge securities, another in the securities of a new enterprise which may turn out to be either a success or a failure. Say that both invest a hundred thousand dollars; the first may derive an income of \$4,500, the second, if all goes well with the enterprise, may secure an income of \$10,000. The latter pays not only the tax on a larger income but has