

ings are transmitted to their fellow countrymen in a 'simple and understandable form.'

Finally they have associated with them a school. Out of the funds provided by the President of the Institute, Mr. Robert S. Brookings, they have offered to a few advanced students the opportunity of learning how research is carried on by coöperating in its processes. The object of this school is to teach the students the art of handling research problems, to bring them into contact with the living processes of learning as carried on by the Institute rather than with its dead results and finally to graduate trained professional investigators. The connection between the School and the Institute is, however, informal. The school is a subsidiary of the Washington University of St. Louis. It is conducted by Mr. Walton H. Hamilton and by Mr. Walter J. Shepard, and it expects to enjoy the services of Mr. John A. Hobson, the English economist, for the first semester of the next college year.

Underlying the program of the Institute there is a theory of what economic truth is and what service it can render to statesmanship which needs and deserves to be indicated in practice. From this point of view economic truth in its practical and constructive aspect consists in an increasing understanding of the purposes and conditions which determine the economic activity of the several social classes, of the several industries, of the state itself and of the whole nation in relation to other nations. These activities are assumed to be incomplete experiments which are to be continued, modified or abandoned in the light of their effects. The most formidable existing obstacle to their scientific treatment is the practice of studying them less as experiments whose value needs to be explored than as instances of legal or economic principles which are in themselves true or false. An economic decision by the government such, for instance, as the tariff schedules on raw and manufactured wool or a tax on excess profits is not considered as a tentative method to accomplish public purposes which experience will or will not or will more or less justify. It is considered as the embodiment of a general policy such as protection, which is so right that it is almost infallible or so wrong that it is almost intolerable. The discussion of these policies consists largely of propaganda and counter-propaganda, and both the propaganda and its opposite can unfortunately with sufficient plausi-

bility pretend to be economic truth. As long as this confusion lasts statesmen will be unable to distinguish between an economic science which merely rationalizes prevailing economic activities and one which seeks to understand what these activities are and how they work.

Some such confusion seems to be the inevitable result of the conception of economics as a body of knowledge which is true or false in general. Whatever the uses of an economics of general principles which apply ambiguously to concrete cases, it will, in so far as it prevails, not only prevent economics from serving statesmen but from enlightening other people who participate in economic activities. The vast mass of these activities take place as the result of individual, class or group efforts to satisfy individual, class or group needs. The policies of labor unions, of chain stores, of steel trusts or of commodity coöperatives are economic experiments which provide the same kind of material for expert exploration and interpretation as the policies of a government; and an economics of general principles will be as dubiously useful to the leaders of these groups or enterprises as it is to statesmen. On the other hand, if economic experts occupy themselves chiefly with the examination of the results of these activities they will gradually become the agency which the mind of a national society will use in order to interpret the experience which it has accumulated in the satisfaction of its manifold public and private wants. The value of the interpretation as a guide to future conduct will depend in part upon the completeness of the record, in part upon the thoroughness of the expert search, in part upon the significance of the recorded and explored activities and finally in part upon the accessibility of public opinion to the outcome of such inquiries. The program of the Washington Institute of Economics recognizes the existence of all these conditions of success. In so far as it does succeed it will not only bring into existence an economics which is more rather than less trustworthy as science by adapting it to the service of business men, labor unionists and statesmen but it will persuade the people who carry on these practical activities to pay attention to the findings of economic experts. These findings will not cover as much ground as the more general affirmations of academic economics. But so far as they go, they will be so trustworthy that to ignore them would be to court disaster.

HERBERT CROLY.

C O R R E S P O N D E N C E

Regulating Surplus Profits

SIR: The editorial in your issue of January 23, entitled *The Supreme Court on Economic Surplus*, properly emphasizes the far reaching economic possibilities of the principles recently laid down by the United States Supreme Court in the so-called Recapture Clause case. I believe, however, that you have pressed the decision too far.

1. You state, "If the State of Pennsylvania declares anthracite coal a public utility and its legislature fixes eight percent as a fair return upon the value of the property in anthracite mines, it would seem clear that under this decision the companies would never receive title to the excess earnings over eight percent. And that if Congress should declare banking a public utility?"

You apparently assume that a mere legislative declaration that anthracite coal or banking is a public utility is sufficient to make so. This idea was flatly repudiated last June by the United States Supreme Court in the *Kansas Industrial Court* case, when Mr. Chief Justice Taft stated that "the mere declaration by a legislature that a business is affected with a public interest is

not conclusive of the question whether its attempted regulation on that ground is justified." In the same opinion, he points out that "the thing which gave the public interest" in nearly all the businesses which have become subject to rate regulation "was the indispensable nature of the service and the exorbitant charges and arbitrary control to which the public might be subjected without regulation." In other words, to justify government regulation of rates, there must be monopolistic conditions in an indispensable service. If these conditions in fact exist, as they apparently do in the case of anthracite coal, the legislative declaration of public interest will be upheld by the courts. If they do not in fact exist, as appears probable in the case of gasoline, the mere legislative declaration that such a business is a public utility will not suffice.

2. You carry the error still further, it seems to me, when you argue that the principle of the decision applies not only to "rates fixed by public authority," but also "to prices which are fixed by competition among purchasers." You point out that the law of single price in economics results in unreasonable profits for such purchasers as could afford to pay higher prices and

conclude that the Recapture Clause decision "gives the necessary legal foundation for the appropriation of surplus profits" of such purchasers. In other words, as I understand it, you contend that the field is now open for the recapture of all excess profits.

The decision, however, will not bear such an interpretation. The right to recapture is based on the right to regulate, which in turn, in the language of the Supreme Court above quoted, depends, in nearly all cases, upon "the indispensable nature of the service and the exorbitant charges and arbitrary control to which the public might be subjected without regulation." Until, therefore, the services of the butcher, the baker, and candlestick-maker are found to be indispensable and subject to monopolistic control, their excess profits can be reached only by the taxing power.

To face the limitations of the decision does not minimize its importance, for there are certain industries, such as anthracite coal, where the necessary conditions for regulation already exist, and where the use of a Recapture clause may solve a fundamental difficulty in the regulation of rates, due to the wide diversity in production costs.

Philadelphia.

HAROLD EVANS.

The Shipping Board's Four Billion

SIR: We seem greatly aroused by the oil revelations; but far greater crimes against the American people—far greater betrayal of the people's interests—have been committed by the Shipping Board during the last seven years.

The total of the oil loot may reach \$200,000,000, but the total looted from the taxpayers through the Shipping Board is over \$4,000,000,000. Yet, nothing has come of it; and those who are responsible for this looting are counted among our most eminent and distinguished citizens, and are singularly honored on every possible occasion and on every possible pretext. The indisputable total of the loot via the Shipping Board route is over four billion dollars; and all the American people have to show for it is a lot of badly built ships that are rusting into complete uselessness, and a few other ships, the total value of all of which, good and bad, will not even equal the interest that the taxpayers must pay EVERY YEAR until this debt of four billion dollars has been paid off.

Revelations which constantly come to hand prove over and over again what I have repeatedly stated, that the history of the world does not show such colossal looting and squandering of the public moneys as during the period covered by the existence of the Shipping Board. And not one ship built with these billions of dollars was completed in time to be of any use during the war; in fact, with few exceptions, their keels were not even laid until after the war had passed into history; and the statements the Shipping Board and its apologists constantly make, that the enormous and excessive costs were due to the necessity of haste to defeat Germany, are false.

Israel Zangwill said, in a recent public address, that our national defect is our "let it slide" attitude. If Zangwill knew the whole story of the American people's indifference to corruption and faithlessness on the part of our public officials, he could write an article that would shake the conscience of America and end its present "let it slide" attitude. Perhaps the oil exposures may do that.

New York City.

PHILIP MANSON.

A Protest

SIR: As a faithful reader of the New Republic for many years, I must register my protest against the reviews of the Life of Mrs. Humphry Ward and Robert Underwood Johnson's *Remembered Yesterdays* in your issue of January 9. I hold no brief for Mrs. Humphry Ward; she was not a George Eliot, but since George Eliot there has not been a novelist among English women who was her equal, none who wrote more thoughtfully and impressively on subjects of social moment in the life of modern England. To speak of books like *Marcella*, *Eleanor*, and *David Grieve* and even less important works which followed Robert Elsmere as "pot-boilers" and pot-boilers for the sake of enabling the author to live in Grosvenor Place, instead of Russell Square, to have also a house in the country, (as hundreds of less prosperous London families do) whose rebuilding proved expensive (as others have found) and "to buy five hats at once" is levity incredible. What with the pre-

lude of violent disparagement, the ungenerate might be forgiven for suspecting something ulterior.

I do not know Virginia Woolf, but the credentials which you give her, the authorship of *Monday or Tuesday*, and *Jacob's Room* are hardly sufficient to warrant her acceptance as a Day of Judgment for Mrs. Humphry Ward. One can but wonder how this jaunty estimate would have seemed to Mrs. Ward's friends and co-workers of a life-time in London philanthropy and reform, like Stopford Brooke. We know well that Mrs. Ward with her too alert mind and sympathies did not know how to rest or to limit her interests and activities and that she wrote too much. But to think that the motive of this was luxury is as offensive and gratuitous as to think that her turning from a life of Oxford seclusion devoted to the "Origins of Modern Spain" to fiction and her larger London life was a fall from idealism is ridiculous.

Robert Underwood Johnson rendered us too much sterling service during a long lifetime to be made the subject of six inches of flippancy. We have too much smart writing by youth about veterans no matter whether they are living like Mr. Johnson or dead like Mrs. Ward. It is not witty, it is rude, and chiefly it is irreverent and ungrateful. The boys of the Bowery who snowball the passing gray-beard in their sport may be forgiven, but not so easily one of the most judicial of our weeklies for lending its aegis to this literary impiety. Mr. Johnson has devoted his whole life, with singular disinterestedness and at cost, to the service of what is best in American literature and public life. It has been a life full of incident, variety and significant contacts; and he tells the story, so well worth the telling, simply and straightforwardly, without vanity or pretense. That is what I think George Ripley would have said, had he been reviewing the book in his old Tribune days. What would he have said of the treatment of Mr. Johnson in his own home by the New Republic?

LUCIA AMES MEAD.

Educational Sandwiches

SIR: What odd threads are woven into the pattern of our amazing up-to-the-minute education? What a bizarre and polychrome fabric must be this Joseph's coat for Democracy! Let us hope that it may be serviceable if not beautiful—reasonably soft, firm and warm, without too many loose threads, frayed edges, harsh and unlovely patches. These reflections are suggested by the following printed list of subjects in which correspondence instruction is offered to its citizens by a neighboring state:

Accounting	Languages
Advertising	English (17 courses)
Art appreciation	French (7 courses)
Automobiles	Italian (3 courses)
Biology	Latin (3 courses)
Blueprint and plan reading	Spanish (4 courses)
Bookkeeping	Law, business
Chemistry	Lumber and its uses
Civics for women voters	Mathematics, applied and general
Commercial correspondence	Music appreciation
Concrete construction	Penmanship
Dietetics	Plumbing
Drawing, mechanical and architectural	Psychology, applied
Economics	Pulp and paper making
Electricity	Salesmanship
Heating and ventilating	Show card writing
History	Sociology
Home decoration	Stenography and typewriting

The accident of the alphabet is responsible for some queer educational sandwiches in which the meat is not always easily distinguished from the bread. Possibly the list is meant to be a bread and butter one, without meat. Biology, for example, is found between automobiles and blueprints, psychology between plumbing and pulp making, sociology between show card writing and stenography, while history is flanked by heating and ventilating and home decoration. The eclectic-minded, constrained by the necessities of our hurried life, will perhaps seek "multum in parvo" by enrolling for "Lumber and its uses."

J. I. WYER.

The New York State Library, Albany.