

cared most to be remembered for are the measures that he took to counteract or, rather, to fill the buildings that rose up during his administration of the University and will always be associated with his name.

"Buildings in themselves," said he, "are valued very little by the officers of this University, who have been so much engrossed in the erection of new structures. The building is merely the effective tool necessary for carrying on the task of education. Only because it is an indispensable tool are we concerned with the whole subject." For instance, he founded the Fellowship of Creative Art and got Robert Frost, its first fellow, to live and move and have his inspirational being for a year at Ann Arbor. Then he asked Robert Bridges

from Oxford, and now Jesse Lynch Williams holds the same fellowship for the current year. Robert Frost comes back to stay on a permanent basis, occupying a newly created chair of Letters. Cooperation with the International Institute of Education brings distinguished lecturers and demonstrators across the seas, and the School of Music presents to the University community music and musicians of the highest living quality. Available salaries of vacant chairs or of professors on leave of absence are devoted to productive use in bringing to Ann Arbor men of outstanding accomplishment in various fields, such as Dean Kalaw, of the University of the Philippines; Eliel Saarinen, of Helsingfors, the Finnish creator of original ideas in architecture; and Sir Paul Vinogradoff, of Oxford.

Marion Le Roy Burton, who might have been Governor of the State and Ambassador to the Court of St. James's, preferred to remain a missionary of a hope that has become in the National life, if not forlorn, at least in great measure forgotten.

"In the name of democracy," President Burton wrote in the valedictory Report to the Board of Regents already mentioned, "we owe it to one another, to the students, and to the world of higher education, to give increasing recognition to the vital factor of university life—a persistent emphasis upon the higher values. Various methods will prove helpful in realizing such a purpose. *These methods must not be mechanical, for nothing but the spirit of man will make a true university.*"

Capitalized Communism

By DON C. SEITZ

When Mr. Seitz tells you that communism is capturing America, don't get too alarmed. Find out first what he means by communism

UNCONSCIOUSLY, through capitalization, communism is capturing the United States. Under our war-scare laws, "Reds" are rigorously excluded from our midst if they strive to come in by importation, yet, without the least alarm, we are accepting the communizing of capital, and the President of the United States is urging that we do it some more. This he does with a straight face and his back against the European door.

"Communism" is supposed to be the fearful foe of capitalism, but it fits in well with capitalization. The two things are widely different. "Capitalism" is concentrated wealth, made potent in a few hands against the common interest. "Capitalization" is the selling of earning power to the public at large, so that it may both provide and earn the profits. This has been going on in America on an enormous scale since the beginning of the World War. Huge corporations and combinations have absorbed most of the country's capital and a lion's share of its earning power.

This process was once regarded as a menace. A Sherman Anti-Trust Law was passed to prevent it, and cartoons of the trusts were used liberally into scaring the common people to vote for Bryan. Many did, but not enough to bust the trusts, which are now quite safe because of the new communism.

Outside of Henry Ford, who is solus in his corporation and, by playing a lone

hand, has made himself the richest man (visible) in the world, other magnates have parted with their holdings in a great measure and passed them into the pockets of the public, out of which come their earnings and back into which, in a great measure, they go.

This is peculiarly the case with public service corporations, beginning with the greatest, the American Telegraph and Telephone Company. Its capital is around \$2,000,000,000, its earnings colossal in their total—seven per cent in distribution. This is guaranteed. Rates can be legally raised by its subsidiaries to keep up the dividend requirements. It constantly requires new capital to extend its lines. Formerly this was acquired by flotations through bankers. Now it is secured in the greater part by sales to subscribers. The ownership of \$1,000 worth of stock provides a return sufficient to cover the average telephone bill. In effect, therefore, the user owns his phone. He receives the service and his dividends replace its cost. This is the perfection of communism.

The same practice is coming to prevail among other public service corporations, of whom there are 21,113 all told in operation, including those engaged in transportation. But few approximate the A. T. & T. in size, yet some are gigantic, as they must be when forty-five of them divide \$706,835,314 of the total profits of \$1,257,409,856 accruing to the 21,113.

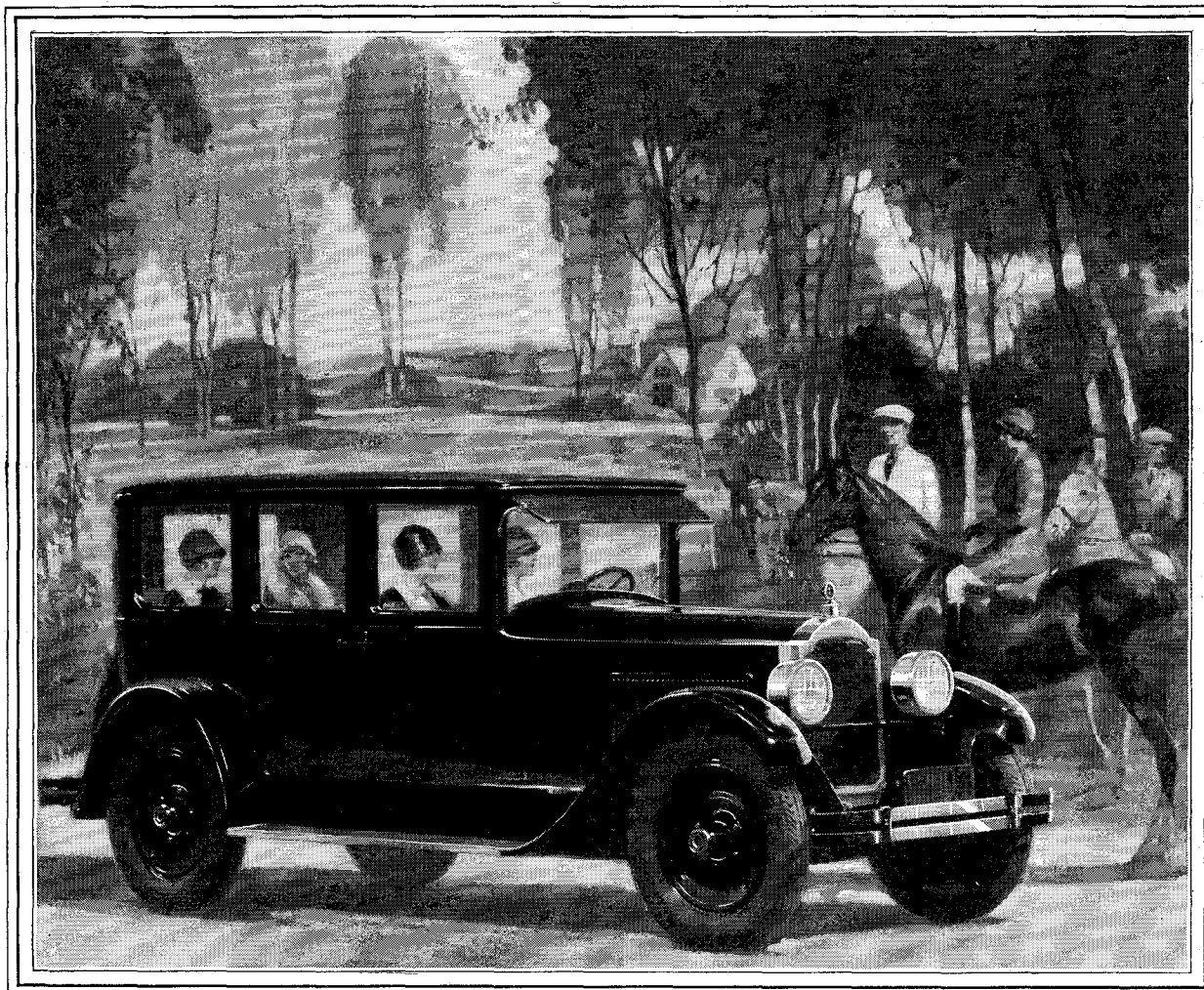
Manufacturing corporations are likewise saturating the public with securities. The big fish are few, but of krakan size. The Internal Revenue Department credits 85,199 such concerns with a net earning in the aggregate of \$4,271,899,449. Ninety-eight divided up \$1,257,409,896. Fifty-five per cent of the grand total went to 598 companies.

It will not do to say that this vast sum found its way into a few pockets. It did not. Through the communizing of capital the greater part was widely distributed.

Further examples could be found in all fields of industry. Even the ownership of real estate is communistically subdivided under the capitalization system, through the operations of the mortgage companies. Concerns loan well up to full value and leave to the theoretical owner the gamble of squeezing his profit from a phantom equity based upon earning power.

Herein lies the rub of the whole system. Supercapitalization, such as has been going on, depends, not upon investment, but earning power. This is apt to operate oppressively in two ways: (1) By maintaining high prices in order to pay dividends; or (2) by failure to earn these, causing loss to the investor, the margin of property behind the security being too small to cover depreciation through lessening of earning power.

Examples in point may be found in



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the communized capitalization of five-and-ten-cent stores. One of these, operating on leaseholds, with the bulk of its stock in trade warehoused by its producers to be delivered on call, and requiring the use of little or no capital, has communized its earning power to the extent of \$65,000,000. This has doubled in value on the stock market, now representing \$130,000,000, the far greater part of which is based upon earning capacity, not investment *per se* or property.

We have seen the \$500,000,000 of good will in the Steel Trust become worth \$800,000,000 in the stock market, based entirely on either earning capacity

or the capitalization of earnings, now represented in goods or plant.

Much of the vast wealth credited to the United States is in this communized form, and grows each year by the same process. Its soundness depends upon communism, the extent to which the ownership subdivided among consumers can keep up purchases and prices.

Fewer and fewer of the great corporations are under control of even a majority ownership in a few hands. The Telephone Company certainly is not, nor is the Pennsylvania Railroad or the Steel Trust. It is doubtful if the New York Central is "Vanderbilt" property except by tradition. Even in cases of stock

control the property really belongs to bondholders, great in number and widely scattered, either through direct holdings or through savings banks and trust companies, which thus invest the bulk of their receipts.

The bank deposits in the country approximate \$40,000,000,000. The actual cash in bank and in the public's pockets is a bare one-fifth of this amount. The rest is credit—notes, stocks, or bonds owned or in as collateral.

So that, while the country would appear to be lifting itself by its boot-straps, the situation has one great merit. The people own most of the straps, and the boots are well heeled.

The Book Table

Edited by EDMUND PEARSON

Betwixt and Between

Reviews by ETHEL PARTON

"I DON'T want another biography—not yet," said a woman who once stood beside me at the delivery desk of our home town public library as she returned, with an air of anxious virtue, the final volume of the "Memoirs of the Court" of some queen whose name I could not quite make out as she handed it across. "And I don't want fiction. But don't give me anything too solid. I think maybe I'll take a book of essays. Essays are a sort of betwixt and between."

The point of view, though not accepted by the *intelligentsia*, is not unusual. The estimable lady who expressed it, far as she may be from a fit successor to that Gentle Reader so often in the minds of the elder essayists—a reader, indeed, oftenest imagined of the then less gentle sex—may honestly have enjoyed her book of essays; provided the librarian who chose it discarded the wild thought of Emerson, which I fancied I saw flicker in her eye, and made a discreet and suitable selection.

Not for that reader nor her like did Mr. Robert Lynd achieve in "The Money Box"¹ the sophisticated simplicity, the slightly self-conscious airiness, of his score or more of little essays on ordinary and trivial subjects; but one of them at least, "The New Cat," she could appreciate as well as anybody, and almost certainly would read it aloud to the family and point out how the exas-

perating behavior of the infatuated owners of Oliver Cromwell resembled that of the Smiths, Browns, or Robinsons when they were so crazy over their new Angora kitten. Nevertheless the appreciative range of nice, comfortable matrons of good literary principle dutifully trying to reduce their allowance of chocolates and fiction remains limited.

None such need turn to the "Last Essays"² of Joseph Conrad, for there is nothing there except for true lovers of literature and the sea. It is a small volume of brief miscellaneous pieces, few of them important, but none included without a real reason either in their own charm and beauty or for some light they cast upon Conrad's character or career. "Geography" and "Some Explorers" and his noble and sailorly tribute to his own ship, the *Torrens*, are the most interesting.

Fluttering over the pages of "A Book of Modern Essays"³ in a mood of cheerful expectancy, dipping and sipping to gather a general preliminary idea of who's who and what's what among the thirty-one representative authors and subjects selected by Bruce Welker McCullough and Edwin Berry Burgum, the first thing to arrest attention proved to be the insistence of the compilers upon

the timeliness of interest in the essays; and the next, the curiously slight comparative importance attached to form, style, brilliance, and the literary graces. True, they find these things desirable, but they admit that if the chosen examples "do have a fresh and literary flavor, it is that writing of this sort is characteristic of the age we live in." Such happy confidence in the general literary tone is enviable, but it a little damps the anticipations of those who are less certain. Even the reassurance afforded by the opening essay, Mr. Van Wyck Brooks's "Highbrow and Lowbrow," and a glimpse at names of promise beyond is not complete; but confidence increases with progress. Stuart P. Sherman on "What Is a Puritan?" Professor Shorey on "The American Language," "The Novel Demeublé," by Willa Cather—but stay! This is not the proper order of things. It may even be *lèse majesté* or something very like it. Let us turn back and accord precedence to the Head of the Nation, for here is "The Norwegian Migration to America," by Calvin Coolidge.

"More than half of the selections included are by American authors," say the editors. "The largest group of topics is that devoted to American problems. And of these problems the greater number are concerned with the question of American nationality." They might have added that their idea of timeliness does not forbid a backward range of twenty years and that not all of the authors represented are living, though most of them are. Certainly Mr. Coolidge's address written last year for the Norwegian Centennial celebration in Minne-

² Last Essays. By Joseph Conrad. Doubleday, Page & Co., New York. \$2.

³ A Book of Modern Essays. Edited by Bruce W. McCullough and Edwin Berry Burgum. Charles Scribner's Sons, New York. \$2.50.

¹ The Money Box. By Robert Lynd. D. Appleton & Co., New York. \$2.50.