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regards contribution to the industry, to the return to Capital investment as indicated by the total interest payments at the current interest rate. A division of net proceeds would then become a matter of rate of return to Capital and Labor upon the respective investments of each.

As to the second point raised, the assumption is undoubtedly correct, though there necessarily remains the question as to who is to determine the extent to which one person rather than another is qualified to contribute to success.

As to the third, this must necessarily depend upon the class of work, the conditions under which it is performed, and the character and quality of the labor employed. Some form of representation based on the secret ballot, which will help to introduce into industry the principles of representative government, is essential. The extent of representation must necessarily vary in accordance with the number of employees.

It seems perfectly sound to assign a proportion of net profits due to Labor on a graduated scale, according to records of performance or excellence. While it is true that labor unions are apt to object to variations in wage payments, to Labor of the same class, union opposition arises in most instances from the circumstance that Labor has no voice in determining the basis of payment at the outset. Where some plan of effective representation is introduced which will serve to protect Labor from under-cutting of returns when increased efficiency takes place, the opposition of Labor to a graduated scale may be expected to be considerably minimized.

You will appreciate, I am sure, the difficulty of expressing within the inevitable restrictions of a letter anything other than a very tentative statement of opinion as regards these matters, which necessarily must be viewed in the light of a multitude of considerations. Please, therefore, do not regard as other than suggestive any expression of opinion I have ventured in this letter. Indeed, I should like you to view this reply as in no sense final, but primarily as an expression of appreciation of your interest in writing me in the matter.

Yours very truly,

WLMK