voiced the general opinion of the public in Russia. He said roads which had formerly made money in private hands, were afterwards run at a loss under Government ownership; initiative was destroyed and bureaucratic methods were fatal in handicapping business and resulted in either misplaced extravagance or parsimony. Mr. Poliakoff called upon me to-day. I had met him at the English mission's (General Poole's) house. He is a clever man; had formerly been in the railway business and then at the war front, where he was wounded and invalided home. He had obtained a copy of our first report (how I do not know), he thought it was good but that it didn't go far enough. Said traffic control on the trans-Siberian Railway by Americans was necessary to insure both the prompt movement of traffic and that the right kind of freight was moved; local graft now prevents this, he said. I neglected to say that the Pole I met last night also spoke of the universal "graft"; he suggested that America could obtain most direct results in the war by falling in with this custom, as the Germans had done! I have said very little about "graft" because, as a matter of fact, I take little stock in these stories which one constantly hears; it is easy to make such indefinite charges and, of course, impossible to disprove them. Among the lower classes of society, tipping as a reward for special favor is, of course, universal; in the higher ranks, say in Government service, the wretchedly small pay would appear to require some outside source of income to enable the official to maintain his station. This is notably so in case of Government Railway officials; the Vice-Presidents get about the salary of a first class clerk in any office. It is quite possible, therefore, that "commissions" are accepted as legitimate.

August 3rd. Lunched at the Embassy. The Ambassador complained