

ance by the protesting nation of offers of mediation. Acceptance of such mediation must not be accompanied by difficult conditions. In no other way can interference with shipments be prevented from becoming an aid to one belligerent at the expense of the other. Should mediation be refused by the protesting nation, then it will no longer have reasonable ground for complaint concerning shipments. Should its antagonist refuse, then it can not justly complain about stoppage of shipments. The same action should be taken in the case of requests, said to have been made, that the United States endeavor to prevent alleged violation of neutrality by South American nations. If we must be annoyed and subjected to trouble and loss in order to satisfy participants in an inexcusable foreign war, it is not too much to demand in return cessation of fighting.

S. D.



The Iniquitous War Tax.

Richly deserved will be whatever condemnation may fall upon the Democratic party for the war tax which went into effect on December 1. It is the one measure enacted into law during this administration for which no reasonable excuse has been offered. If Congress was unwilling to meet the emergency for which it provided by reducing expenditures, it could have adopted the bill introduced by Congressman Bailey of Pennsylvania, which levied a surtax on incomes in excess of \$20,000. But the Democratic majority evidently considered party discipline more important than the public good and so voted instead for the present measure because urged by floor leader Underwood. The enforcement of this law must necessarily arouse just resentment. Good politics as well as good morals require the repeal of this law as quickly as possible.

S. D.



Prosperity and the Balance of Trade.

A number of Democratic papers have adopted the standpat habit of insisting, contrary to fact, that prosperity is here. Like the standpatters, they ignore the existence of widespread poverty and distress. Like the standpatters, their notion of general prosperity is prosperity limited to a small class. And like the standpatters, they are basing their false claims on the Balance of Trade fallacy. The fact that exports exceeded imports during the month of October by \$57,000,000 is being paraded as an indication. Fifteen years ago President McKinley pointed to a similar favorable balance and declared that we were

going to be paid for it in pure gold. But McKinley either did not know or ignored the fact that similar balances have been accumulating since 1833, and few, if any of them, have been paid in pure gold or anything else. These so-called favorable balances usually mean nothing more than so much wealth sent out of the country without return. Included in them must be tribute paid to foreign owners of American lands and to holders of securities in monopolistic enterprises. So far from being an indication of prosperity, this excess of exports usually indicates the reverse. There is nothing in the Treasury Department's report to show that October's balance is of a different nature than most of its predecessors. Democratic papers should be in better business than continuing to spread this old fallacy, or imitating the McKinleyite practice of pretending to see non-existent prosperity.

S. D.



A Fair Return to Capital.

The New York World, in commenting upon the more kindly public feeling toward railroads, says:

Granger wrath against common carriers would never have arisen to dangerous height if railroad managers had played fair; if they had charged traffic what it cost, not what it would bear; if they had demanded interest returns only on capital invested, not water; if they had refused to build up one enterprise or one community at the expense of others by discriminating rates or by secret rebates. In proportion as railroads deal fairly with the public in future, they may more and more confidently expect fair dealing in return.

That is true enough. Neither railroad men, nor any other class of men, should expect justice from the public till they render justice in return. But it should not be forgotten that railroad men are of the same species as the rest of us, and if their piccadilloes are somewhat more conspicuous than the general average, their temptations should not be overlooked. Reprehensible as their conduct has been, it is merely a more dramatic form of what the commercial world in general has been doing.



They should have "demanded interest returns only on capital invested, not water." That sounds good, and it is to be hoped that the World will thoroughly familiarize itself with the sound. It may be instructive in this connection to note the handling of mining properties. One set of men gets from the state a long strip of land, with the right to run trains of cars on it; another set of men get from the state parcels of land bearing

minerals. Neither property is worth much, because few people live in the territory through which the road is to run, and the mineral land is too far from the market to permit delivery. The rail men build the road from the city to the mining lands. Immediately there is a sharp rise in the value of the land, a rise that can be attributed only to the presence and service of the road. Settlers locate along the line of the road, and the value of the land both in the right of way and in the farms advances. Farm land worth three dollars an acre before the road was built is worth fifteen dollars after it is in operation, and arises ultimately to one hundred or two hundred dollars an acre.



Note, however, the difference in public opinion as it bears upon the several cases. The mine owners, who invested a hundred thousand dollars in mineral land before the advent of the railroad, find it worth a million, or five million dollars, when the road is in operation. No one raises the question of watered stock. Should the mine owners combine and fix the price of coal at seven dollars a ton, a great hue and cry is raised against cormorant trusts; but the owners may individually charge six dollars and ninety-five cents a ton, and the people not only pay it cheerfully, but they congratulate the owner, and hold him up as an example for their children to emulate. The same is true of the early settlers. The land that was occupied at nominal homestead prices becomes so valuable that the owners retire to a neighboring town and live on the rent paid by the tenants. No question of watered stock is raised in connection with the farmer. But the railroad men who invested a million dollars find that their little strip of land has advanced along with the mineral land and the farms, and that the property for which they paid one million dollars is worth two million dollars. The only legal way they have of distributing this value is to issue more stock. But no sooner is this done than the farmers and the mine owners and all the other landowners raise the cry of watered stock. They who are drawing earnings on a valuation of ten, twenty, perhaps fifty, times the amount of their original investment, rend the earth and shake the heavens because the railroad men presume to collect dividends on twice the value of their investment.



The railroad men should not attempt to collect earnings on twice the amount of their investment; but it is not for other land owners who are col-

lecting on twenty times the amount of their investment to denounce them. It is to be hoped, moreover, that the editor of the World, who has studied the railroad problem to such good purpose, will apply the same line of reasoning to the owners of the land on each side of the railroad right of way. If it is immoral for the owners of the narrow strip of land upon which the road runs to keep to themselves the value that the community has conferred upon their holding, it must be equally immoral for the owners of the rectangular pieces of land comprising the farms and mines to retain the vastly greater community values that have come to them. Has the editor of the World the courage to denounce all watered stock, and to call upon all citizens to content themselves with "interest returns only on capital invested, not water"? It is popular to denounce railroads; small politicians have taken on the semblance of statesmanship through baiting railroad managers for doing in a modest way what other landowners have done in a grand way. But the world is now ready to listen to the editors and the statesmen who will denounce all who take dividends on watered stock, and who will insist that all men, down to the least and the humblest, shall have all that they earn.

S. C.



Fallacy of the Rate Increase Plea.

The same fallacy that underlies protectionism is being urged in behalf of raising railroad rates. We are told that if these rates should be increased the railroads will have money to spend for improvements and that this will bring trade to business men and give employment to laborers. There is the same reason for rejecting this plea now as when presented by protectionists. It is neither just nor expedient to rob Peter to pay Paul. The increased rates can only come from industries other than railroads and these must necessarily be weakened thereby to a greater degree than increased railroad expenditure can strengthen them. Besides, if the railroads are in need of a tax on the public to enable them to properly perform their functions, then the public ought to own them in order that it may directly get the benefit of expenditure of its own money.

S. D.



Progressive Policies Must Be Fundamental.

Wise legislation does not consist in passing of laws to prohibit or to regulate evils, but in repeal of the laws that create evils. This is a principle that the Progressive party conference which meets