

sign ruler would warrant his interference in the internal affairs of the United States.

That is sound doctrine. It follows from it that the United States government has no right to interfere for any purpose. If it may not interfere, as Roosevelt says it may not, in order to end forever such conditions as breed poverty, peonage and a system which subjects the great masses of the people day after day and year after year to outrages at the hands of plutocratic rulers, then it surely has no right to interfere when complaint is made of similar outrages committed by revolutionists. The brutal despotism of Diaz which Huerta would have restored could not do otherwise than brutalize many of its victims. If these brutalized ones now act as brutes that is no excuse for restoring the old conditions. We hear more of the reign of terror in Mexico today than we did of the greater terror which preceded it because its victims have more influential friends. For in Mexico, as was the case in France, there have been two reigns of terror. As Mark Twain shows in one of the many grand passages in his "Yankee at King Arthur's Court," the first and greater terror in France lasted a thousand years. Its victims were the dumb oppressed peasants. The second and milder terror lasted but three years. Of the sufferings of the victims of the Great Terror little was heard or thought of, but History has much to say of the Minor Terror. When the wind has been sown it is useless to complain of the reaping of the whirlwind, while to blame the whirlwind—as, for partisan reasons, Roosevelt does—on one in no way responsible for its sowing, only reflects on the one guilty of such injustice. It is quite possible to aid innocent Mexican victims without inciting to the additional crime of armed intervention and without trying to gain unfair partisan advantage. S. D.

States Rights.

The tenacity with which certain Congressmen and Senators cling to the doctrine of States' rights, when their localities are asked to conform in some degree to the consensus of general opinion, and the alacrity with which they besiege the United States Treasury for funds to make local improvements, shows one of the requirements that goes to make a "statesman." S. C.

Mexico's Business.

The rule about minding one's own business applies to nations as well as to individuals. This information is evidently needed by those who ap-

pear mystified as to why President Wilson made no reference to Mexican affairs in his message. Mexico is outside of the jurisdiction of Congress. Its affairs can not be properly regulated by anyone but its own people. It is not interfering with our affairs. There was consequently no cause for mention of it in the President's message. S. D.

Rural Credit Legislation.

If the Bulkley bill is the best plan for a rural credit system that is now available, the President was right in saying the present session was too short to admit of a proper consideration of that subject. Matters of detail that must enter into any comprehensive system of credits should be worked out by banking experts, but matters of principle must be passed upon by the country at large. The essence of the situation is found in the need of the farmer, or landowner, in districts remote from banking centers for cheap money; that is, a means that will supply him with money at a lower rate of interest, and upon a different security from what banks will now accept. To meet this requirement the Bulkley bill proposes that bonds be issued in sums of \$100, \$500 and \$1,000, drawing such rates of interest as the government board may approve, not exceeding five per cent. To arbitrarily fix the maximum rate of interest is to set at defiance the natural laws of trade.

Credits are subject to the law of supply and demand, the same as all other commercial values; and where they vary there is a reason. Money, which represents a concrete form of credit, commands higher interest in some places because the security is less certain, and the labor of looking after the loan is greater. The banker, or money lender, can care for his money more cheaply and with greater certainty in a city than in a remote and sparsely settled region. And he will not send his money into remote parts unless some inducement is offered. That inducement is commonly expressed in higher interest. Hence the difference in the rate of interest on the commercial frontier and in the thickly populated districts, represents the difference in the cost and risk of handling money in the two places. Should the Government undertake to fix interest arbitrarily throughout the country, it would do so only at the expense of some for the benefit of others.

Again, to arbitrarily fix the rate of interest at a lower point than the commercial rate means a

shifting of economic values. The lands on the commercial frontier have now a certain value, which it is proposed to pledge to the federal credit banks, or whatever the rural credit system may be, which value is related to the prevailing rate of interest. If anything is done, therefore, to arbitrarily change the rate, it must inevitably change the value of the property. That is to say, if the rate in Alabama or Utah be eight per cent per annum, and the average price of land ten dollars per acre, the two values are balanced against each other. If, however, the interest be arbitrarily reduced to five per cent, the man who now pays eight per cent, and buys his land at ten dollars per acre, will then be able, with five per cent money, to pay more than ten dollars per acre; and the competition of buyers, supplied with cheaper money, will force up the price of land, until it has equalized the reduction in interest. This may be a good thing for the present holders of land, but it will be of no advantage to those who are trying to get land. As it is now, those who have to pay eight per cent interest get ten dollar land; while in the future, should this scheme prevail, they will have five per cent money, but they will have to pay correspondingly more for land. Thus it will happen that the Government will have brought about a shifting of values throughout the country without benefiting anybody but those who own land and those in debt. The debtor will benefit at the expense of his creditor; the landowner will profit at the expense of the whole country.

s. c.



Is This Balance of Trade Favorable?

An explanation sometimes offered for our "favorable" Balance of Trade is that we are sending more wealth out of the country than we get back in order to pay interest on or redeem American securities held abroad. An article in the Saturday Evening Post of December 5 puts the amount of these securities at \$6,000,000,000. This leads one of the ablest and best informed of the nation's economic experts to call attention to the fact that the net balance of exports for the last 30 years is \$9,000,000,000. It would seem then that some provision should have been made long ago to pay off with our export balances these foreign-held securities. It would seem to be good business policy to arrange to pay them off at once with the "favorable" balance we now have. Otherwise there appears no reason, judging from past experience, to expect ever to redeem that six billions of outstanding indebtedness. Or is it not possible that our "favorable" balance goes to pay tribute to foreign

privilege in some other form than may be contained in outstanding securities?

s. b.



A Government Merchant Marine.

A Government-owned merchant marine, as advocated by President Wilson in his message, does not please the subsidy advocates, although it is the logical conclusion of their own arguments. If it is right that the people be taxed to pay for losses incurred in a certain business then it is also right that they assume ownership of that business. But in the case of merchant vessels public ownership is not needed. There should be publicly-owned terminal facilities to insure equal opportunities for all and there should be no unjust burdens put on private enterprise. Then if shippers of goods to foreign ports will not or can not pay enough to justify investment of private capital in a merchant marine, there is certainly no reason why those of us who are not shippers of goods should contribute for such a purpose. Yet that is what we are urged to do.



There is a great difference in principle between a government merchant marine and a government railway. A private railway implies private ownership of a public highway along which none may operate without permission of the private owners. This is a privilege which can only be abolished through government ownerships of railways. But ocean routes of travel are not so held. They are free to all who would use them, except that the terminals are frequently privately owned, as they ought not to be. The solution of the merchant marine question requires neither government-subsidized nor government-owned ships. Equal freedom to all is all that is required.

s. d.



Promoting International Comity.

President Wilson, by democratizing the Monroe Doctrine, and admitting the chief countries of South America to a participation in its interpretation, has done more to win the good will of the other American countries than any other man in the White House. In admitting them to the council of nations he has begotten a fellowship and mutual regard that has removed the fear and jealousy formerly entertained by them. And so sustained and consistent has been his course that it has won approval even in Europe, where most of all it was in the beginning condemned. In two instances only has he failed. He has not won the regard of the privileged classes in Mexico; and