

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