which crushed out the hope, the strength, and the purity of the people."

✽ ✽

"The Taproot of Capitalism."

(London) Land Values, Feb.—Mr. J. Ramsay Macdonald, M. P., the chairman of the Labor party in the House of Commons, made the following significant statement on the 15th January, 1909, on his return from a visit to Australia: "I have come back more convinced than ever that the first thing the Labor party at home must do is to break up the land monopoly. We are playing with it now, and you don't discover that until you go to Australia and see what they are doing. They are breaking up all the large estates and making it the easiest thing imaginable for a man to get upon the land and have a small farm of his own, and bring up his children there." The Labor party are in power in Australia and they have done something to break up the large estates by the taxation of land values. In crippling land monopoly they have done well, and have their reward in the admitted general prosperity of the commonwealth. The Liberal party in Great Britain have commenced the attack on land monopoly, and the Labor party are with them. It is the solemn duty of every progressive and democratic citizen to press onward with this policy.

✽ ✽

Land Monopoly in Nebraska.

(Lincoln) Nebraska State Journal (Rep.), Dec. 25.—A people accustomed to supposing that the country is running short of farm land cannot afford to overlook Labor Commissioner Guye's assertions to the contrary. He makes the astounding statement that only a little more than one-fourth the farm land in the State of Nebraska is under cultivation. . . . Of course a large part of this is accounted for by the semi-arid lands in the western part of the State, lands that will not be thoroughly cultivated till the country is in most desperate straits for food. But Mr. Guye's figures are made by counties, and show that the western counties do not nearly account for the condition. . . . That the case calls for statesmanship of the most far seeing kind is clear. What can be done? "Colonize," says Mr. Guye. But we are confronted with the fact that land seekers have now for years been passing through Nebraska to poorer land beyond. Why didn't they stop here? And why are trainloads of Nebraskans even—farmers living adjacent to these untilled acres and of all men most alive to their great value—going monthly to Texas and Canada in search of land? For no visible reason except that the distant lands are cheaper, or seem so to them. And why, with this immense acreage of the best corn and alfalfa land in the world crying for the plow, are men traveling thousands of miles past it to spend immense labor carrying water to make the desert lands of the far west productive? Presumably for the same reason, that the cost of carrying the water to that dry land is less than the cost of buying our land watered by nature. To sum up, this unused Nebraska land is unused because its owners ask more for it than people can get land for elsewhere.

RELATED THINGS

CONTRIBUTIONS AND REPRINT

LENTEN THOUGHTS.

For The Public.

Do men erect them temples of stone
  And call them "houses of God,"
And gather together one day in the week,
  For worship?—or for the reward?

The church today somehow seems to be
  On the "life insurance" plan;
And the man who keeps his premiums paid
  Is the most *religious* man.

The church hands out to him a pass
  For the train that is due for Heaven;
And the only question that is asked,
  "Have you given, given, *given?*"

Oh, why insult Almighty God
  With baubles such as this?
What need has He for temples here
  When the *universe* is His?

The whole universe a temple is,
  And our hearts are altars fair;
And when we burn the incense, love,
  Our God is present there.

Ah, well, erect *those* temples high,
  And garnish with gold each part;
The temple of God, know thou, oh, man,
  Must be within thine heart.

ANNE W. RUST.

✽ ✽ ✽

GOODS FOR GOODS.

A Lucid Explanation of Trading Between Nations.* By Russell Rea, M. P., in the Westminster (London) Gazette.

Suppose you are an importer of American corn, all you care about is your imports, and you will go on importing so long as you can see any profit in it.

The American who has shipped your corn to your order draws a bill upon you for the price at, say, three months' date, payable in London, and takes his bill in duplicate or triplicate copies, with his bill of lading, to his banker in Chicago or New York, who pays him his cash, and, unless you fail to meet the bill, your American exporting correspondent hears no more about it. He disappears from the drama.

In due course the first copy of the bill of exchange is presented to you in London by this American banker's London correspondent, a

*See Volume II of The Public, Jan. 20, 1900, page 5. Also "Ethics of Democracy," by Louis F. Post, pages 197 to 217; and "Social Service," by Louis F. Post, pages 198 to 222.

London banker, and upon your accepting the same, *i. e.*, acknowledging your obligation to pay the price, you receive the bill of lading and the produce it represents. This first copy of the bill of exchange the London banker will hold until the date it becomes due, and when you have met it, *i. e.*, paid the price, you disappear from the scene.

But the drama is only half played out. You have got your corn, the American seller has got his cash, but your American correspondent has received his cash not from you but from an American banker, and you have paid your cash not to him but to an English banker. How is the international adjustment of the account made? That is the question. And when you have solved that question you become a Free Trader.

The bankers take up the business just where you left it. You and the American exporter have brought corn to England: they must get cash to America to pay for it. As we have seen, the American banker begins by advancing the cash himself and paying the exporter for your corn. But on the day he does so, and sends to England the first copy of the bill of exchange drawn on you for your acceptance, he also puts into circulation the second copy of your bill of exchange, with his own endorsement, to which his guarantee through his London agent, "in case of need"—that is, if you fail to meet the bill yourself—is added. It is now an approved bill on London, the most convenient, the most sought after, the safest medium of remittance in the world.

Sure as the rising of the sun, that second copy of your bill of exchange (with the first, containing your acceptance pinned to it) will turn up for you to meet on the due date.

How did that second copy get to London? An examination of the numerous endorsements will show. Probably it did not come direct from America, for America does not take our goods in sufficient quantities to pay directly for her exports to us. It has left America to pay for French wines or silks, or for China tea, or Java coffee, or West Indian sugar. It turns up in London as a remittance in payment for Manchester goods sent to India, or Cardiff coal sent to Port Said, or, perhaps, to meet the payments of the dividend warrants to English shareholders in an Argentine railway, or the freight of a British ship. But it has always, in every case, without any single exception, been sent to London to pay some debt due by a foreigner to an Englishman.

No one buys a bill of exchange on London, approaching maturity, and sends it to London for any other purpose. Even if, instead of being sent by one individual debtor to pay one individual debt, it is sent by a foreign banker who has purchased it, in a parcel with other similar bills, to his London agent, as is often the case, the object is the same. The foreign banker only remits it in order to maintain in London a sufficient balance to meet the demands in London of the British creditors of his clients for British goods, freights, or dividends.

But the question is not yet answered. How is this balance maintained? Suppose there are no such debtors to be found, or not a sufficient number of them. Well, this adjustment is a delicate matter, and it is the business of international bankers to make and keep the balance true. If, at any moment, they find that the claims of this country upon the world are not equal to the claims of the world on this country, they put down the rate of exchange on London, which is the same thing as the price abroad of bills on London. The foreign holder of these bills must accept fewer dollars and cents, or francs, for every pound sterling in the bills from the banker who remits them for collection. This is an immediate bonus to the English exporter, it is an immediate fine to the importer, it checks imports, it encourages exports.

But if the excessive supply of importers' bills on London continues, the rate continues to fall, until it becomes more profitable to send the bills to London and demand and obtain the actual gold sovereigns and ship them abroad than to accept the dollars or francs which represent the current market rate abroad for bills of exchange on London. This is the gold point, below which the price of bills cannot continue—for the movement of gold from our shores in any considerable quantity quickly and infallibly ends excessive importation. The Bank of England takes alarm, and puts up its rate of discount to protect its gold reserves, perhaps from 2 to 3, 4, or 8 per cent. Then dear money causes all prices to fall in England, prices of stocks, of produce for export, of imported produce, all fall together, and weak holders on small margins are forced to sell.

This fall immediately checks all import trades—the buying of goods from the foreigner, which can no longer be sold here for a profit at our reduced level of prices. The importer ceases his importing. It encourages the export trades, the selling of British goods, which can now be bought here at a lower price, to the foreigner for cash, which is what the bank wants. The exporter again makes money and resumes his exporting.

This law is not one that operates slowly—it is instant. Like land, every trade is cultivated to the point which those engaged in it consider the "economic margin." At such a time as I have described, the margin of the importing trade suddenly recedes, that of the exporting trade is suddenly expanded. Every great exporting house, with numerous foreign correspondents, has always on its books numerous orders which it has not been able to execute at the limits of price fixed by the foreign buyers. These orders are now rapidly carried out.