

to what we have heretofore said in support of the negative answer to that question, we reproduce with satisfaction this explanation by W. H. Allen, of New York, printed in the New York Times of July 22:

Some time ago it was claimed that we were lending a good part of this balance to foreign countries, but in a letter to the Times of May 8 I disputed this claim and contended that our annual foreign debts for interest dues, freights and tourists' expenses, etc., had grown so large that they more than offset our enormous trade balances, and hence we had to export specie and mortgage our properties to square the account. Just a few weeks afterward the Sun published a statement fully admitting that we had no money loaned abroad, and that, in fact, we were borrowers, but at the same time contending that the remainder of our trade balances had been exhausted in paying for securities returned from abroad.

This theory of the matter is always based on the assumption that foreign countries are not able to pay cash for what they buy from us, and so are forced to return securities to square the account. A glance at the facts, however, proves this assumption to be ridiculously false. England buys most of our products and holds most of our securities. But England is not short of cash by any means. On the contrary, she is fairly glutted with idle money, as is shown by the low interest rates, the oversubscriptions to the various loans floated there and the heavy investments of her capitalists in this and other countries. A still more conclusive disproof of this theory is furnished by the reports of foreign investments since the beginning of 1898, the period in which we are supposed to have got back the most of these securities. These reports, which are published daily in the leading newspapers, show that within this time the purchases of stocks for foreign account on the stock exchange were vastly in excess of the sales. Outside of Wall street these reports fully justify the belief that since 1897 more foreign capital has been invested in our mines, lands and industrial plants than in any similar period of our history. On the other hand, we find no reports of any kind to show where the foreigners have let go their grip on any of these properties.

There are more important results involved in the balance of trade question than many persons suppose. Protectionism rests upon the notion that a perpetual excess of exports is

essential to prosperity, and therefore that a constant export balance is a constant favorable balance. Destroy this "favorable balance" superstition, and the whole protection superstition tumbles with it. And in such sad plight is the "favorable balance" superstition now, that even the republican press is concerned. Here, for instance, is an extract from a thoughtful editorial in the Chicago Post of July 27, a republican paper:

In economics as in morals no question is settled until it is settled right. Financiers, college professors and politicians are still wrestling with the infinitely complex problem of the "balance of trade." We know that for several years the United States has enjoyed a heavy excess of exports. It has sold "abroad" a great deal more than it has purchased there for import. How, it is asked on all sides, is the balance settled? To what extent are we the world's creditor? . . . The last year in which the balance of trade was adverse to the United States was 1893, the panic year. Every fiscal year since has shown an excess of exports. For the eight years the net favorable balances aggregate \$3,177,992,028. How much of this amount does Europe owe the United States? By some it is believed that our current indebtedness to Europe—freights, interest, dividends, travelers' expenditures, etc.—does not exceed \$200,000,000 annually. If this be true, then only half of the aggregate balance for the eight years is accounted for. What of the other half? There are those who believe that the balance has disappeared, and that at the present time we are borrowers rather than lenders in foreign centers. New York bankers accept this strange view, believing that the balances have gone to cancel returned securities. There is, however, little trustworthy information as regards the movement in securities, and some writers deny that the foreign investors have "unloaded" any extraordinary quantity of our stocks and bonds. . . . We understand that the treasury department is conducting a careful inquiry into this remarkable situation. Let us hope the results will be enlightening and satisfactory. They will bear vitally upon several questions of national economy and politics.

But the results of the treasury investigation will not be satisfactory, nor even explanatory, unless it distinguishes from exports and imports

in general the amount of exports and imports for land purchases and land rents. And by land purchases and rents we do not mean alone those payments that are so in name. A purchase of stock in a gold mine or railway is in part a purchase of land—the mining right in the one case and the right of way in the other. So a dividend on coal stock or railroad stock is in part rent for land. Besides land conveyed thus by corporate stock, there is also land conveyed in the usual way by deed. Take all this kind of landed property—what is represented by corporate stock as well as what is represented by deed. Put in an import column what we have received for it from abroad, and in an export column what we send back for repurchase and for rent (or land dividends); then put into the export column what we pay for foreign land and in the import column what we get back for repurchase and rent (or land dividends). Find the footings of each column, and the difference between the footings. That difference will show whether we are draining foreign countries or foreign countries are draining this country. Should we prove to have a growing export balance on this comparison of land investments, the inference would be inevitable that foreigners are draining us. For whatever is paid by one country to another for the use of its own land is an export without import. It is the distinguishing feature of absentee landlordism. When the facts on this question of absentee landlordism—not only under deeds producing rent, in the ordinary form of individual ownership, but also under shares of stock producing dividends, in the form of corporate ownership—shall have been drawn forth, and not before, will the constant and growing excess of American exports be statistically explained.

Superficial social philosophers have pushed the virtue of thrift to such extremes that an attempt of John T. Gibson, writing in the Indianapolis

News, to push the vice of thrift to its extreme, is refreshing:

A few minutes' thought will convince anyone that the industrious man who "lives up to his income" and saves nothing is at least as large a factor in the accumulation of capital as the man who saves. Suppose, for instance, that we would all start in to-morrow and narrow down our expenses to the last notch, "cut off everything except oatmeal gruel, and make it thin at that," with the idea of saving ourselves rich, how long would it be before we should find that instead of being on the highroad to greater wealth and higher civilization, we should be on the back track to poverty and barbarism? There would be no demand for anything except oatmeal, and as no one could sell anything else that he happened to possess, he could not acquire the wherewith to buy oatmeal and would have to produce it himself or starve. There would be no trade, no use for all our fine business blocks, nor for the railroads, nor steamboats, nor factories, nor any of the arts of civilization. The labor-saving principle of the "division of labor" could not be utilized except on the smallest scale in cooperative oatmeal production. Altogether, we should be in a very bad way—a good deal worse off than the Indians were, for they had elbow-room and a game preserve at their back.

One of the peculiarities of the philosophy of thrift as a virtue is the exemption its students allow the rich from its obligations. While they admonish the poor to save, they advise the rich to spend, not only lavishly but frivolously and even foolishly. For this is supposed to promote prosperity. What is a vice in the poor is thus made a virtue in the rich. These inconsistent philosophers might find profit in thinking upon Mr. Gibson's suggestive analysis of the doctrine of saving.

#### JAMES E. MILLS.

This name has no familiar associations to the mere newspaper reader. Whether its bearer lives or dies is not to that great mob-like public of the least concern. His fate would interest them more if he had been a horse jockey or a prize fighter. But there are circles into which the news of Mr. Mills's death will come with something of a shock. He died on the 25th of July, in Mexico, where he had been

located for several years in the service, as a mining expert, of a large American silver mining interest. In years he had almost lived out the allotted three score and ten.

James E. Mills was a native of New England. His scientific studies were pursued at Harvard college under Agassiz. He afterwards became an assistant of that distinguished naturalist, with whom he remained always upon terms of intimate friendship. Mr. Mills and Prof. Burt G. Wilder were accounted the greatest pupils Agassiz ever had.

Like his fellow student, Mr. Mills was a disciple of Swedenborg; and like their preceptor, he was a Christian evolutionist. In the latter respect he agreed also with his professional and personal friend, the eminent Joseph Le Conte, whose death preceded that of Mr. Mills by less than a month.

As a Swedenborgian, and for a time a minister of that faith, Mr. Mills was distinctly and decidedly averse to all ecclesiastical tendencies, but especially to those of organized Swedenborgianism. His religion was a philosophy rather than a creed, an adjustment of spiritual principles rather than a set of ritualistic observances. The effort of his adult life was to help strip Christianity of its human accretions.

This religious faith commended to his acceptance the economic principles popularized by Henry George. He consequently became a devoted disciple and valued friend of that "prophet of San Francisco."

A close thinker, Mr. Mills was also a fluent writer; but the productions of his pen are limited to essays and pamphlets. These, however, are profound and durable contributions to the subjects of which they treat.

Those subjects are scientific, religious and economic. In the first category is an essay on the building of a sierra. On religious questions strictly Mr. Mills's principal paper is intended to show that repentance is not remorse, but a development of character away from wrong and in the direction of right. All his writings on economic subjects are a blend of the economic and the religious. To him economic righteousness was an external or outward expression of spiritual righteousness. One of his

valuable papers along this line is a plea for service instead of sacrifice. Self-sacrifice, as usually taught, he held to be morbid, and at the bottom of all the excuses for enslavement and impoverishment. Equilibrium of service was his ideal.

In Boston, New York, San Francisco and other American centers of scientific, religious and economic thought, Mr. Mills was long a familiar and respected character. Having made changeless principle, as distinguished from shifting expediency, the standard of all his thinking, he has contributed to the progressive impulses of his period.

#### PUBLIC WATERWAYS OR PUBLIC RAILWAYS.

The idea of solving the transportation problem by maintaining canals to compete with railways is as antiquated as the school geographies which teach so little about railways and so much about water courses. Railway routes constitute a more important branch of geographical learning, of the practical sort, than the sources and trend and basins of rivers; and for commercial uses, railroad transportation is infinitely superior to river and canal transportation. In these days of electric haste, business cannot afford to waste time on water routes. Their only utility now is as competitive agencies to keep down excessive railway rates. If they are popular for this purpose, it is because a superstitious reverence for vested interests blinds the people to the truth regarding transportation.

Take the Erie canal question for illustration. Efforts are making to enlarge this artificial waterway so as to make it a ship canal. Two independent commissions, appointed by Vice President Roosevelt, when he was governor of New York, have reported with substantial agreement in favor of the principle of enlargement, differing only in details and estimates of cost. A previous commission had recommended the expenditure of \$9,000,000 to bring the canal up to requirements. This sum was appropriated and scandalously wasted; yet the Roosevelt commissions recommend still further and greater expenditure rather than make