

Trade Balances.

W. H. Allen of New York, contributes to the New York Times a very interesting and instructive article, entitled "What Becomes of Trade Balances?" Mr. Allen writes:

"The publication of the custom house statistics for the fiscal year ended June 30 is likely to cause a renewal of the discussion as to what becomes of our foreign trade balances.

"This year our excess of exports of merchandise will amount to about \$665,000,000, but instead of getting any cash for this enormous balance, it appears that we have paid out some \$20,000,000 more than we received. 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 over-subscription 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.

"Well, it may be asked, if our trade balances have not gone to cancel returned securities, what has become of them?

"The only reasonable answer to this question, I contend, is that they have gone to offset our annual foreign debts; for interest, dividends, and profits on foreign capital, cost of freights, expense of Americans abroad, and hoardings of migratory immigrants. This last item is always overlooked, although the proof of its existence is as plain as a pikestaff. In the case of our trade with Canada, it is unquestionably the largest item. For the eleven months ending May 31, 1901, our favorable trade balance with that country was about \$59,000,000, while our net imports of specie amounted to only \$22,000,000. As we do not owe Canada any big sums for interest dues, freights, tourists' expenses, or returned securities, the only reasonable inference is that the bulk of this balance has gone to offset the drafts and money orders of the vast army of Canadian laborers who are in the United States. In the same way it is certain that a large part of our balances with Europe has gone to offset the savings of the thousands of English, Austrians, Italians, and other

alien laborers who come here for the sole purpose of hoarding up a little fortune.

"Now, as a result of our greater prosperity during the last few years, all these debts for the use and employment of foreign capital, foreign labor, and for foreign travel have grown so enormously that now they overtop our big trade balances, and so we have to sell more properties, run into debt, and export gold to square the account. In no other way is it possible to explain the singular fact that we have been exporting gold at a time when there were so many indications that we need every dollar at home to avert impending financial disasters."

Democratic Reorganization.

All students of political science hold it to be axiomatic, that in popular government two parties are necessary, three parties are cumbrous and four parties anomalous. The history of parliamentary government in continental Europe, particularly in France and Germany, is evidence beyond all dispute that a multiplicity of parties means instability in administration; changes in the executive too frequent for the execution of any positive program, a wilderness of trades and bargains and compromises which make the nation a wanderer in the woods with a circle the mark of her progress.

Further, when conditions permit a third party to rise and grow stronger, it is almost as demonstrable in political science that we may look for a decline and dissolution of one of the old parties as that when the tide is rising in one place it must be ebbing in another.

Now, any proposition to reorganize the democratic party ought to be such as will not involve its own destruction and the nation's injury by giving rise to a third party. It appeals strongly to us that any method of reorganization which has in view something more than the temporary success of an ephemeral party must recognize the necessity of avoiding conditions which will call into being a third party.

It is because the proposition of these would-be reorganizers seems to make directly for a state of things which would create a third party, with the predictable consequences, both to the democratic party and to the nation, that we venture to suggest that the proposition be rejected. If you look below their non-committal generalities and allow the reputation of the men to be their own interpreters you cannot fail to discover that every plan has at bottom the idea of forcing the party back to Wall street conception of democracy. This is what John G. Carlisle means by conservative theories, or, in the more specific words of another reorganizer, it is the abandonment of all agitation for the income tax, of all opposition to government by injunction, of all real attempts to control the vicious corporations. They mean that the democratic party shall be brought nearer to its opponent—shall give ground—shall become again a "conservative" party.

Such a position, it seems to me, the history of the government by parties the world over as applied to our present conditions, reveals to be utterly inconsistent both with the interest of the country and the permanence of the democratic party. Opponents must always take positions relative to each other; if in a tug of war one leans back the other one must do the same. This is true of parties. The republican party is now violently reactionary, and is the father of conditions which no dilletante opposition can successfully and permanently meet. Ultra-conservatism cannot be met by conservatism. Its natural and inevitable foe is radicalism. When these two extremes of men's tendencies are represented we then have the fulfillment of the function of parties in government. They are then the efficient machinery by which the people can decide how far backward or forward they shall go. So that if a

party will not go as far out toward the end of the teeter board as the other, it always gives way to a party that will. The political history of this country and Europe proves this incontestably. So long as parties are the instruments by which the people decide to what lengths in the measures of governments they wish to go, they have got to have parties which will take them as far one way or another as they choose to go, and in healthy communities they will have it.—Cambridge Democrat (Boston).

A Nation of College Graduates.

Mr. Schwab thinks that a college education is a disadvantage to a business man. Mr. Carnegie, the discoverer of Mr. Schwab, thinks so much to the contrary that he has given ten or fifteen million dollars to enable more Scotchmen to have the benefits of which he himself was deprived in his youth.

It appears as if Mr. Carnegie's views were rather more popular than Mr. Schwab's. Every commencement season sees more college-graduates turned loose upon the world. Every new academic year finds college walls strained by increasing crowds of students. Where is it going to end?

Well, there is no reason why it should end at all, short of the collegiate education of every person in the community. A hundred years ago the function of the college was thought to be to train candidates for the ministry. Preachers were the only persons who really needed a college education, and that education, by the way, was less advanced in most respects than a high school training is now. Besides the ministers, it was thought that lawyers and doctors might get some benefit from a higher education, but in their case it was not at all necessary. The candidate for one of those professions might very well start in as a boy sweeping out the office of an old practitioner, and pick up a knowledge of the business in his odd moments. Outside of the three learned professions nobody had any real occasion for the things that were taught in college. Indeed, the education of that day was carefully designed to be as unpractical as possible. It gave no assistance in anything so sordid as the art of getting a living; nor did it help appreciably to expand the student's knowledge of the world in which he lived. It ran in a narrow groove, and made no concessions to varying tastes or aptitudes.

But now the whole meaning of education has been transformed. It is no longer a matter of learning to make quotations from Horace. It touches life on every side. It meets every possible need and aspiration, practical or ideal. In the hundreds of courses offered by the great American universities, with their thousands of possible permutations and combinations, there is something to fit every individual mind. There is not only the opportunity for intellectual culture beyond anything dreamed of in the old education, but there is the most practical sort of training for an infinite variety of gainful occupations as new as the modern education itself. A single electrical company this year offered positions to the entire graduating class in the department of mechanical science at Cornell.

Evidently, Mr. Schwab's ideas are not universally held in the business world.

Even now the higher education reaches directly only an insignificant fraction of the population, but there is no reason why, in time, it should not reach all. A few years ago there was a justifiable fear that an increase in the number of college students might mean the creation of a swarm of superfluous ministers, doctors and lawyers, and the subtraction from productive pursuits of numbers of young men who ought to be working with their hands. But now the young man who works with his hands can find in college plenty of material to give him pleasure and inspiration in his calling. The higher education in this country no longer tends to produce a parasitic intellectual aristocracy. The American college is the most powerful ally of American democracy.—Saturday Evening Post.