

THE WEALTH OF AMERICA.

National Editorial.

During 1915, our exports have exceeded the imports by one and three quarter billion dollars, and our nation has become rich^{er} by this amount, apparently.

The trade balance has been greatly in our favor since twenty years: by an average of half a ^{billion} million dollars during the sixteen years preceding 1915. That is, during these years, our economy ^{income} from exports has exceeded the expenditure by imports, by over eight billion dollars. What became of these eight billions? We have not received it in gold or commodities. We have not spent it in paying off our debt, but a year ago more foreign capital was ^{probably} invested in our country than twenty years ago. We have not invested more than a small fraction of the amount in foreign countries. That is, we have never received our surplus income, or rather, we had to pay it out again to the foreign nations as interest and dividends on foreign investments in Am_erica. This does not make our favorable trade balance look much like a sign of national prosperity: it means, that before we

can produce anything for our own use, we have to produce half a billion dollars worth of goods - more or less - which are not for us, but which we have to give to foreigners in payment of the interest on the mortgage foreign nations hold on our country.

A favorable trade balance thus does not mean national prosperity, nor an unfavorable balance poverty, but very often rather the reverse. Some of the most poverty stricken nations show a favorable trade balance -and are poor, because most of their energy is expended to pay the interest on the mortgage foreign nations hold on them; they produce more than they consume, but the products are not for them, but for the foreigners who ^{own} on their mines, railroads and lands, and general anarchy as the result of a revolution may sometimes be felt by the masses of such nations as a relief from such "prosperity". Is Mexico an instance of this? Again, very rich nations may continuously show a ^{un} favorable trade balance, consume more than they produce: living on the interest of their foreign investments, as creditor nations like England.

Thus the trade balance means nothing regarding the prosperity or pover~~x~~ty of a country, unless supplemented by the knowledge of the investments which the country holds in other nations, and those of other nations in the country, and their increase or decrease.

A favorable trade balance may mean a poor nation spending its energy in paying interest to foreigners. Or it may mean a rich nation paying off its foreign indebtedness or investing money abroad. It can mean only the former, if continuing for a very long time, and thus a continuous favorable trade balance is not the sign of a prosperous nation, but that of a debtor nation, and if that nation is not blessed with unusual^{ly} great natural resources, of a poor nation. An unfavorable trade balance may mean temporary excessive demands, as war, or it may mean a rich nation, living on its income from foreign investments. It can mean only the latter, if continuous, and while such a creditor nation appears prosperous, it sooner or latter must meet the fate of the parasite: degeneration. Real and continuous success apparently is only for that nation^s, in which income

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and expenditure fairly balance, which live on their income, neither pay taxes to other nations, nor buy a hold on other nations.

What then is the meaning of America's trade balance? America always has been a debtor nation, and a considerable part of the products of American industry has not been for the Americans, but for the benefit of European investors. The record of 1915 means, that we have paid off about a billion and a quarter of foreign indebtedness. Does this bring us much nearer to being a creditor nation, as many hope? Half a billion interest a year, would point to a foreign investment in our nation of about ten billion, more or less. Very little of it is balanced by American investments abroad. If then we have paid off a billion and a quarter this year, this would be only about one eighth of the mortgage Europe holds on our country: we are still far from being a creditor nation.

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