

tail production. But with improvements in productive power, prices fall so that purchases may be more freely made. Demand consequently re-expands, and production is again stimulated. The next stage in this industrial revival is the disposition to venture upon investments. When these prove fortunate, as under such circumstances they usually do, confidence in investment is restored and the business of the country is once more in a "sound and healthy condition." Then comes the speculative stage. Men rush in to acquire great riches quickly, and "sure thing" operators spring up all over the country, who offer seductive investments, which promise great returns." Handsome profits being realized in many instances, pretty soon a boom is on. "The temptation to buy under such circumstances is almost irresistible, because prices and 'values' continue to rise day by day and profits seem absolutely certain." Ready money is of no importance. "Things bought are good collateral, and margins on a rising market are easily provided." Thus "values' are forced in all directions." But pretty soon the wiser men, who see signs of the coming storm, begin to take in sail. Prudent bankers are inclined to reduce accommodation and to call in loans. This sudden check upon speculation, however, tends only to hasten the very disaster it is designed to prevent. But disaster is inevitable. "Values cannot advance forever. There is a point at which even the fool stops, and at this point it becomes impossible to unload." Then "prices and 'values' fall, at first slowly, but with accelerating rapidity; more margins are called for; resources are exhausted; banks decline accommodation; there is a rush of selling orders, and the inevitable collapse follows; the great house has failed; the panic has arrived."

Mr. Lionberger has given an accurate diagnosis of periodical industrial depressions. In only one respect does it fall short of perfection. He

neglects to distinguish the kind of speculation that produces the general catastrophe, and so comes to the lame conclusion that panics are "inevitable and must occur at regular intervals under every form of government and every system of banking." Had he completed this sentence by making it read "every form of government that permits natural opportunities for industry to become subjects of speculation," he would have probed the problem to the core. It is only in that respect that Mr. Lionberger's diagnosis of periodical panics differs from Henry George's. George traced this social disease to speculation in land. But Lionberger, misled by his legal training into classifying mining stocks, railroad stocks, industrial stocks and the like, as personal property, fails to observe that speculation in such stocks is essentially speculation in land. It is not mining machinery nor output; it is not railroad cars nor locomotives; it is not steel-making machinery nor its product—it is none of these things, which enterprise and industry bring forth, that have their values forced and in which speculators invest for a rise. It is the source whence the materials for such things come, and the way rights and terminal rights for distributing them. These natural opportunities do rise with good times and fall with bad times, and they are represented, if not in greatest degree yet in the most impressive circumstances of our time, by corporation stocks; and it is this factor of title to natural monopolies in stocks, and this alone, that makes those stocks subject to the kind of speculation to which Mr. Lionberger traces periodical panics. In other words, land does not cease to be land when titles to interests in it are certified by corporate stock shares in place of individual title deeds.

Teacher—Bessie, name one bird that is now extinct.

Little Bessie—Dick!

Teacher—Dick? What sort of a bird is that?

Little Bessie—Our canary—the cat extincted him!—Puck.

#### THE SINGLE TAX IN GERMANY.

The book brought out last Summer by Adolf Damaschke, leader of the German single tax movement, is as good a summary of the methods of work and the success already attained by that movement, as has yet been published.

Damaschke has not attempted to give a complete history of the movement, although his book bears the title "Land Reform." He has gathered into book form a series of eight lectures given by him in Berlin and other towns, in which the theory is explained and an account of its progress offered in a way to interest hearers of the spoken word, particularly such as the speaker is anxious to win over to his views.

The opening chapter, "Neither Capitalism nor Communism," sets forth social problems and the pressing need for some solution of the great burning question of the day. The writer touches on difficulties in all countries, but naturally gives most of his space to conditions in Germany along the line of the average income of a great proportion of the people, and the manner of life this poverty entails. He then gives a rapid but excellently logical and lucid explanation of some of the remedies already proposed, and comes by easy and perfectly comprehensible steps to the question of ownership in land, the corner stone of the building.

One reason why the theory of not permitting private ownership in land is easy of comprehension in Germany is the fact pointed out by Damaschke, that the old Teutonic communities held all their land in trust for all. The idea of the land as private property is a comparatively later growth. In fact, there are many communes in Germany to-day, independent villages, country parishes, which actually still hold their land as communal property, and a large majority of them find the rental from this land quite sufficient for all communal needs, and raise absolutely no other taxes for this purpose.

Of course, most of these communities are obliged to send some tribute to their particular government, but some of them even make it possible to raise this sum from rental of pub-

lic land, so that no indirect taxation is in force there at all. Over one hundred towns within the German Empire have this method of managing the affairs of the municipality, and most of them are in a flourishing condition.

The community of Kornthal, where the system has been in vogue fifty years, is a notable case in point; and the prosperity of Kornthal contrasts admirably with a neighboring community which "modernized" its government some decades ago, and sold its lands to private parties. In one year the population decreased one-fifth, and sheriff's sales and bankruptcies were the order of the day, while paupers multiplied enormously; yet such a thing as a pauper who was a public care, was not known in Kornthal.

The German Land Reform league has instituted inquiries as to conditions in all these towns; has unearthed documents relating to the old Teutonic laws in land ownership, and has brought to the notice of the people many interesting facts showing that Germany was once a country of righteous institutions as to land ownership, and that pride alone, if nothing else, should induce an attempt to restore these earlier, more healthful conditions. This argument has great force, and has done much to interest the general public in the question. Damaschke cites statistics showing the former value of the building sites of the city of Berlin, and their increase to-day, and proves on the basis of the simplest, most conservative estimates that if this unearned increment had gone to the city, the municipality would to-day, by investment of the money, have an income of \$30,000,000 yearly, which would completely cover the yearly expenses and leave a handsome surplus, rendering all taxation for municipal expenses unnecessary.

In the second chapter, on "Land Reform in our Cities," Damaschke holds to arguments that are familiar to single taxers here, as the conditions in the rapidly growing German cities are much the same as we find in this country. The housing problem is the main pivot of the arguments of German land reformers, and their theory allows of many remedies.

Taxation of unused land at its actual selling value is naturally the first and most important, and thanks to the late Herr von Miquel, Prussia's most able minister of finance, who at heart was a single taxer, 53 Prussian cities to-day have begun to tax the unused land within their limits at its selling value, in place of the value as farm land, as before. The tax imposed thus far is very small, but it is the entering of the wedge, and has already brought the cities a handsome profit.

Another reform advocated by the League is due to their success in unearthing an old law and having it incorporated into the new civil code. This is the "erbaurecht," which enables the renter of the land to build a house upon it which is free to be taxed or sold or mortgaged, apart from the question of ownership of the land. Under this law the municipality has the land in ownership and rents the right to build on it to private parties. The lease is given for a stated period, usually a long one, 70 to 100 years in most cases. The leaseholder pays either a very small sum for the land, and then at the end of the period his house belongs to the community, or he pays a larger rent, and the community pays him the value of the house if his lease is not renewed. Some cities are investing largely in land, or keeping their land from further sale, and renting it out on these plans.

The nationalization, or rather communalization of land seems an easier matter for the average German to understand, as a theory of reform for wrong conditions, than the mere taxation of it. The national memory of the old Teutonic communities makes the former plan seem more natural, and, with the exception of the country immediately surrounding growing cities, the land in Germany has been so long in such intense use, that people cannot see how a mere matter of taxation can make conditions any better.

Another interesting reform is planned by the mayors of the fortified towns, merely to pay for the expense of leveling the fortifications and increasing the limits of the town by confiscating the unearned increment accruing upon the sudden rise

in value of the hitherto absolutely worthless land immediately surrounding the walls.

The chapter on "land reform and the agricultural problem" shows a serious phase of the question which is particularly German.

Agricultural land in Germany is all in use, in intense use for centuries, and speculation in the land itself is therefore almost unknown. The speculation there is in the mortgages on farm lands, which is one of the most terrible forms of speculative abuse in Germany and one that is recognized as a burning question which must be solved soon. These mortgages on farm lands are a source of speculative income to thousands—of honest income, according to present ideas to many other thousands—but a crushing burden of debt to the farmer, which renders him a veritable bond slave. There are no certain statistics on this subject, but by the aid of such figures as he could get, Damaschke computes that the interest on mortgages on German farm lands amounts to \$500,000 for every day in the year, which must be raised by the sale of farm products before a single cent goes to the farmer himself for the most necessary expenses of his work or his life.

Damaschke's remedy for this condition is an interesting one. He advocates strict legislation in regard to mortgages on farm lands, no mortgages for more than 50 per cent. of the value of the estate must be allowed. And farm mortgages must be made amortization mortgages, which can be given only to a corporation with right of perpetuity, and which can be paid off by means of a sinking fund.

A new assessment of the selling value of farm lands and estates is now in progress in Germany, and on this assessment Damaschke would have this legislative action based. He suggests further that the value of the land alone be separated from the value of the improvements, taking such value roughly at one-half of the whole. Half of the mortgage for 50 per cent. of the value of the estate should be amortised at a certain percentage, but the mortgage on the land alone should be held in perpetual interest, giving a true land tax.

The first and more important plank in the German land reform programme, is the regulating of farm mortgages, in a manner that allows no such mortgage to be taken up by a private party. The community alone shall be the holder of farm mortgages, which is a necessary condition before the other suggestions of the reform can be carried out. This perpetual interest, or land tax, would be found quite sufficient for communal needs; and the capital freed from land mortgages would naturally pour into industry, if the latter were freed from all taxation.

Three interesting chapters give an historical retrospect of land reform questions in Israel, in ancient Greece, and in Rome; one chapter is devoted to a sympathetic narrative of the life, character and work of Henry George; and the last chapter, "The Hohenzollerns and Land Reform," gives some interesting notes on the new German colony of Kiao-Chao, where the single tax is the accepted fiscal system, and works admirably.

The league is at present interesting the Kaiser in their theories anew, by their propositions to aid him in the carrying out of his pet project of the great Midland canal, uniting the Rhine and the Elbe, right through the heart of the manufacturing district. The Agrarian party are blocking the project in parliament, not because they have any objection to it, but because they want to make their acquiescence conditional on tariff laws which will benefit them, and which the industrial party and the general public are fighting tooth and nail. The Land Reform league proves to the Kaiser that by legislative action which will give to the government the increase in value of the lands along the proposed route, where enormous speculation is already going on, he will find this increase sufficient for the entire expense of building the canal without the aid of appropriations from Parliament.

In an earlier work, "Municipal Problems," written two years ago, Damaschke was even then able to give some reliable statistics as to the speculation in this land, which is gambling, pure and simple, as the canal has not yet been announced as

an assured fact. Entire corporations have been formed simply to exploit the increased value of the land, and the Land Reform league is bending all its energies to the prevention of this speculation and the establishment of a precedent which will be of incalculable value to the single tax movement everywhere.

GRACE ISABEL COLBRON.

## NEWS

There is another turn in the Venezuelan situation (p. 649), which may or may not produce important results. Two actual battles have been fought between blockading vessels and a Venezuelan fort.

The first blockading vessel concerned was a German cruiser, the *Panther*. She endeavored to force an entrance into the Lake of Maracaibo, a fresh water lake extending over a hundred miles into the interior. It is fed by mountain streams and is connected with the Gulf of Venezuela by a narrow strait. This strait is guarded by a Venezuelan fort, Fort San Carlos, upon which the German cruiser opened fire at 12:30 in the afternoon of the 17th. According to the official report of Gen. Bello, the Commandant at Fort San Carlos, she attacked and shelled the fort without any provocation and without the delivery of an ultimatum or previous notice of any kind. To her surprise, apparently, the fort replied, and after a fight of an hour she retired. Later reports are to the effect that the *Panther* resumed her position in the blockade 20 miles from the fort, and on the 21st it was officially announced from Berlin that the German cruiser *Vineta* had been ordered to Maracaibo. This implied that the passage was to be forced, for Maracaibo lies on the Lake of Maracaibo, over 20 miles from Fort San Carlos; and the implication was verified at 10 o'clock on the morning of the 21st, when the *Vineta*, the *Panther* and the *Falke* opened a furious bombardment on Fort San Carlos. The fort returned the fire, and the ensuing battle was raging at latest reports, four hours after it began.

The reason given in Berlin for these new tactics on the part of the European allies is that President Castro is defeating the object of the blockade by opening channels of for-

eign trade from the neighboring republic of Colombia by way of rivers flowing from that country into the Lake of Maracaibo. The blockade purpose, therefore, to extend their blockade into the Lake of Maracaibo so as to suppress commerce along the shores of that lake.

Mr. Bowen, the American minister to Venezuela, who returns to perfect arrangements in behalf of Venezuela for arbitrating the questions involved in this European-Venezuelan war (p. 649), arrived at Charleston on the 19th. He took a train there on the same day for Washington, where he arrived on the 20th.

In the German reichstag on the 20th the subject of the Venezuelan war was briefly considered. The chancellor explained the diplomatic negotiations, saying that President Castro had "recognized in principle the justice" of the European demands, and had "agreed to the preliminary conditions for transferring the controversy to The Hague arbitration court." In this connection he assured the reichstag that "the blockade will be raised as soon as the diplomatic negotiations at Washington have reached a satisfactory conclusion." During the discussion of this subject one of the Socialist members demanded full information on all phases of the matter, particularly demanding to know why the Venezuelan ships had been sunk and why the Venezuelan forts had been bombarded. The information has not been given.

The same Socialist member endeavored at the same session to discuss the emperor's speeches regarding charges that have been brought against the late Herr Krupp, but was ruled out of order on the ground that those speeches related not to the emperor's official but to his personal life. Vigorous protests against this ruling were made by the Socialist members, who called attention to the fact that the speeches had been printed in the official record of the reichstag and asserted that the ruling violated constitutional rights.

The French chamber of deputies, which reassembled last week after the holiday recess, passed an overwhelming vote of confidence in the ministry on the 16th. It was the culmination of a debate over the official suppression of the Breton lan-