

SOME RECENT INDUSTRIAL HISTORY AND ITS SIGNIFICANCE.

That speculative land value is the underlying cause of the reverse industrial movement now in progress is attested, consciously or unconsciously, by every well-informed and intelligent chronicler of recent and current trade phenomena. The industrial history of the last half dozen years cannot be written without demonstrating that the prevailing system of taxation, which fosters this speculation, is the germ of monopoly, the chief impediment to independent enterprise, the insurmountable bar to scientific distribution of wealth, and, as such, the generator of frightfully wasteful conflicts between "capital and labor."

The general press comment upon the situation fairly bristles with evidences of this fact, the more important, where free from any purpose of pointing out the fundamental economic significance of the stated facts. The Iron Trade Review, of Jan. 21, 1904, for instance, contains two editorials crammed with historic citations of phenomena that clamorously proclaim their source in inequitable taxation:

In one of these editorials, comment is made upon the policy of maintaining "steady" prices on rails, shapes and plates, and the assertion is made that general prosperity has never existed in the iron and steel trade of the United States without the foundation of a large rail trade; and the inference from the writer's comment is that a diminished price would induce buying, and thus furnish such foundation. In support of this position he states that—

One of the foundation stones of the great boom of 1899 was undoubtedly the large tonnage of steel which the railroad business took out of the general market. One of the causes of the hesitancy in business in 1900, and of the final slump in prices, was unquestionably the high price for rails which the rail pool had fixed. The dissolution of the rail pool in the early part of 1897 caused a jump of nearly 50 per cent. in rail production in one year, and finally put the iron industry on its feet. The panic of 1893 had been followed by efforts on the part of the rail mills to maintain the price of \$28 and then at

\$23, and there were lean years until the effort was abandoned.

Those are plain statements of historic facts, a sequential re-statement of which would be: Following the panic of '93, the monopoly ("pool") arbitrarily suspended the law of competition, producing lean business, until the element of competition was permitted to resume its function, which caused, during the year '97, a jump of nearly 50 per cent. in rail production, and finally put the iron industry on its feet. Competitive prices induced large buying, contributing to the boom of '99. Now, again, the monopoly ("pool") fixed arbitrary high prices, causing hesitancy in business during the year 1900, and final slump in prices. The monopoly is now preventing business by means of holding prices at the top figure that has prevailed "during the period of remarkable prosperity which has just ended."

Throughout this period, of which the foregoing is an epitomized history, the crushing, business-depressing power of monopoly is strikingly contrasted over against the prosperity-making influences of competition, when the latter is permitted even a partial chance to operate.

From another editorial in the same issue of the same paper the following may be quoted:

The boom in the coke trade and the resultant demand for good coking coal caused a tremendous increase in acreage values and thousands of acres were purchased at prices four and five times as great as were paid in 1898. . . . Rather than meet the open competition and low prices of some of the independent operators, the Frick company proposes to let its cvens remain idle, thereby conserving its natural resources until prices can be secured giving a fair profit on the investment.

So extensive are the acreage holdings of the H. C. Frick Coke Company that all other concerns are quite naturally designated, several times over, in the editorial under discussion, as "the independent operators."

And so, because speculative land values have risen, within a short period, under the stimulus of industrial prosperity, to four and five times those of 1898 (only six years ago), a large part of the country's most valuable coke re-

sources is to be arbitrarily withheld from access until competitive industry shall have once more produced (in spite of the tremendous handicap that partial monopoly puts upon it), a wave of prosperity that will enable monopoly to extort a "fair profit" on capitalized speculative values!

What is "conserving natural resources" but shutting the public from them? And why does this great concern "conserve its natural resources," thus withholding from the industrial world a basic necessity of its life? Because it proposes to make a "fair profit" on the speculative land values that it has paid for.

The steel monopoly owns, according to Mr. Carnegie, a 60-year supply of ore in the ground; and it is this ownership of "natural resources" that enables it to hold up the public by compelling it to pay in the price of steel a profit on speculative land values, or suffer general business depression for want of free access to the source of industrial life.

Those two editorials in the Iron Trade Review reveal (unintentionally, no doubt, but therefore the more impressive) the fact that inequitable taxation enables a few individuals to determine the industrial fortunes of society. For if speculative land values were checked by taxation, the withholding of vast areas of mineral lands from use would be ruinous to the owners instead of profitable, as now, and society would thus at all times have free access to the most valuable natural resources, without paying tribute to any individual for the privilege.

Another deeply significant statement in the editorials referred to is, that "the argument then (the lean period following the panic of '93), was that, as buying power was limited a reduction of prices would not produce business"—a very frank recognition of the fact that prices were whatsoever monopoly chose to make them. The stupid shallowness of "the argument" was revealed, however, when the "dissolution of the rail pool. . . caused a jump of nearly 50 per cent. in rail production in one year, and finally put the iron industry on its feet."

Deeply significant, too, is the

statement that: "There was open competition and a very moderate price when the railroads bought their 1899 rails, and they bought with the greatest liberality; there was no competition and a very high price when the time came for buying their 1900 rails, and they bought most sparingly." That is to say: Industry thrives under competition and languishes under monopoly.

And what are we going to do about it? The position of the monopolist with regard to the question is fairly expressed in the characteristic imprecation: "The public be damned!" How would it answer for the public to see to it that the monopolists be taxed?

EDWARD HOWELL PUTNAM.

EDITORIAL CORRESPONDENCE.

Washington, D. C., Feb. 6.—Perhaps there is no subject so interesting in connection with the composition of the Democratic membership of the House as that of determining what has influenced their identification with the party. Of course, it is a truism to say that there are Democrats and Democrats, but this is not sufficiently descriptive. One of the most striking illustrations of the difficulty of apportioning some members as belonging to the plutocratic-Democrats or the democratic-Democrats is that of a gentleman now serving his fourth term and who has been mayor of a large Western city. Monday being District of Columbia day, there were a number of minor bills up for consideration, among them one to regulate Turkish bath establishments, with a provision for an annual license fee of \$25. Another made the docking of horses tails a crime and prohibited docked horses being brought into the District of Columbia. I asked this gentleman how he stood on the bill to license Turkish bath establishments. He said:

"Oh! I am in favor of that. They ought to pay a license just the same as any other business."

I replied: "True, just the same as any other business, but why any business? Have not people an inherent right to sell groceries and dry goods and to sell Turkish bath service?"

Later, I asked him his attitude towards the "docking bill." He said:

"Oh! I am against that! I don't think the government has a right to interfere with such things."

To this I replied: "Your attitude is to my mind most extraordinary! Here you are advocating interference with those things which are entirely proper and which every man has an inherent right to do, but when a measure is

proposed which says that people shall not be cruel, that they shall be prohibited from engaging in a cruel practice, you say it is an "invasion of their rights."

He confessed to not having regarded the matter from that standpoint before. Yet he is forceful, and I am convinced he is aggressively honest, and justly has the respect of every man in the House.

One of the curious episodes of the Fifty-eighth Congress happened on the 4th. A Democratic member desired to incorporate into the Record a letter addressed to him together with speeches delivered by another member some years previous. Not desiring to take up the time of the House by having them read from the clerk's desk he had arranged with the gentlemen controlling the time on both sides that he should have time to ask permission to insert these documents in the Record as an extension of remarks on the floor. Being recognized, he asked, without any preliminary remarks, for unanimous consent to so insert. A member at once said: "Mr. Chairman, that can't be done; the gentleman hasn't made any remarks."

"Oh! yes he has," replied the chairman; "he said: 'Mr. Chairman.'"

Thereupon the member who had said "Mr. Chairman," and nothing more, got the permission to "extend his remarks."

The only thing that prevented the reporters from making fun of the incident was the fact that a week before this member had made an extemporaneous speech of about 20 minutes' duration on the same subject. Otherwise they would undoubtedly have "guyed" him as the man whose speech consisted of the two words—"Mr. Chairman."

Perhaps no more ridiculous plea was ever advanced by a party leader than that of Congressman Dalzell, when, on behalf of the committee on rules, he brought in a resolution empowering the Resident Commissioner from Porto Rico, F. S. Degetau, to sit in the House with all the rights of a Delegate from a Territory. Upon Mr. Williams, of Mississippi, insisting that legislation should be enacted providing for the election of a delegate from Porto Rico, and conferring a Territorial government upon that island, Mr. Dalzell said that while such a measure would probably have the unanimous approval of the House, its defeat in the Senate was a foregone conclusion; that the Senate would almost certainly amend it out of all shape and substance as they had done in the last Congress.

To this Mr. Williams very properly replied: "You can't scare us with your bogey of an intractable Senate! The Senate is Republican, and the party is as much responsible for the

Senate as for the majority in this House."

Nevertheless the will of the people, as evidenced in the previous unanimous vote of the House is nullified. Yet we call the system that produces such a condition "popular" government.

ROBERT BAKER.

NEWS

Week ending Thursday, Feb. 11.

The war cloud which has for several months been hanging over Russia and Japan (p. 646) has burst at last, and deadly hostilities have begun.

To understand the cause of this war we must go back to the war between Japan and China (vol. i, No. 1, p. 10; vol. iv, p. 711) in 1894-95. Coming out of that conflict triumphant, Japan demanded as one of the fruits of victory the cession by China to her of portions of the Liaotung peninsula (on the southern extremity whereof Port Arthur is situated), of which she had come into possession through the fortunes of war. China was helpless to object, but Russia interfered, and with the support of France and Germany forced Japan to relinquish possession. Japan accordingly withdrew in 1896. In 1898 she joined Russia in an agreement acknowledging Corea (which occupies a larger peninsula between Japan and the Liaotung peninsula, and which had been under Chinese suzerainty), as an independent power. But Japan has never abandoned her ambition to secure a foothold upon the Asiatic mainland, nor has Russia receded from her manifest policy of extensive dominion in northeastern China.

Pursuant to her policy Russia promptly sent a fleet to Port Arthur, and in accordance with concessions from the Chinese government a Russian military force took formal possession (vol. i, No. 1, p. 10) on the 28th of March, 1898. When the "Boxer" troubles broke out in China (vol. iv, p. 441), all the powers, including Russia and Japan, united for the ostensible purpose of restoring order. But Russia, on pretense of protecting her frontiers bordering upon Manchuria (of which the Liaotung