

to show overproduction or over consumption, according to the standpoint from which they are viewed.

As we have already seen, that explanation fully accounts for the industrial depressions this country has so far experienced. If it is not so obvious with reference to that of 1893 as to the others the reason is not far to seek. By that year the volume of speculative land values had come to be represented, to a degree much higher than formerly, by corporate stock. In greatly-enhanced proportion, therefore, land speculation prior to the hard times of 1893 had assumed the form of stock speculation.

This is also the case to-day. Stock speculation serves to conceal much of the most ominous land speculation in which the country is indulging. Notwithstanding this speculative masquerade, however, any intelligent observer may see in the rising speculative prices even of unincorporated landholdings—in city and town lots and Western farm sites—the infallible signs of a gathering storm.

Already production is being checked. Railroads are reported to be postponing intended improvements; mines are reported to be restricting output; building investors are reported to be shrinking from the risk.

For all this the high cost of materials and labor is offered as an explanation. But investigation will everywhere disclose the fact that the principal obstruction is speculative land values. An instance is given quite inadvertently by a well known Republican daily paper of New York,* in an appeal to workingmen to be moderate in their demands for wages. This paper offers an instance within its own knowledge to "illustrate the situation." It says:

Three years ago some capital purchased a site and erected a new building for half a million dollars. The investors were content to go into the undertaking for a five per cent. net return, or \$25,000 a year. Since that time labor and cost of material has advanced to such an extent that to erect the same building would cost \$110,000 more than when it was put up. The boom in real estate in that neighborhood has carried up the value of the same land there another \$130,000. Here is an increase of cost for capital going into an investment to compete with

the first-named property of very nearly a quarter of a million dollars on half a million dollars, or very nearly 50 per cent.

The illustration is a good one. But it is not a good one to show that the cause of the inevitable crash to come is organized labor. The total increase for labor and building materials in three years is put at \$110,000. Of that amount part is due to the arbitrary exactions of monopolists, for which organized labor is certainly not responsible. And so much of the amount as goes for wages, does not obstruct the industry unless it is fixed arbitrarily. If it is a normal increase, then the wages of all labor are proportionately increased and the greater cost for labor products is at least neutralized by the greater purchasing power of the earning classes. This part, therefore, of the \$110,000 cannot be regarded as a check upon our "abounding prosperity."

But what about the increased price of the building site? While the total cost of materials and labor (monopoly exactions and all) has increased in three years by \$110,000, the price of the building site, without which no building there is possible, has increased \$130,000!

Is it not fair to say that speculative land value is in this instance a far more important factor than organized labor, in obstructing industry and bringing on hard times?

The instance is typical. Though some production is prevented by organized labor, it is only as a drop of water in the bucket in comparison with the production that is prevented by speculative prices of land. As with the depressions of 1817, 1837, 1857, 1873 and 1893, so with the approaching depression—the principal cause, the cause which is always sufficient though no other be present, the cause which is fundamental no matter how many superficial influences may appear, is land speculation.

This principle is vividly exemplified by "boom" towns. In any of these towns there is a period of land speculation which all the "boomers" exploit, and all the enthusiastic inhabitants regard, as evidence of "unbounded prosperity."

Building lots "go off like hot cakes."

On some of them buildings are erected, but most of them change owners on the basis of great expectations alone.

To suggest that this is not prosperity is to be unpatriotic and disloyal to your town.

To throw any obstacle in the way of brisk trading in the real estate exchange is to incur obloquy for imperiling the "unbounded prosperity."

If mechanics were to lay themselves open to the charge of discouraging a homeseeker from building they would be held up to public scorn.

Yet every speculative sale of a building lot at an advanced price, proof of local prosperity as it is regarded, is in fact the most effective discouragement to building.

After awhile prices for building lots in the boom town run so high that contracts for buildings begin to fall off, and then the crash comes. An unwholesome "prosperity" has run its natural course and collapsed.

The present industrial "prosperity" of the country, like the "prosperity" of the "boom" towns, and of all previous periods of national "prosperity," is destined to produce industrial collapse because it is not wholesome prosperity. Like them it is one phase of industrial conditions poisoned with the malaria of land speculation, the symptoms of which are alternating spasms of fever and chill, recurring paroxysms of brisk times and dull times.

So long as this cause of industrial depressions persists, it does not comport with the dignity nor testify to the intelligence of full grown business men to accuse organized labor of bringing on the hard times that are coming.

NEWS

Week ending Thursday, Sept. 24.

Matters in British politics (p. 376) are taking shape. On the 17th the resignations of three members of the ministry were accepted by the King. They were those of Joseph Chamberlain, as secretary for the colonies, of Charles T. Ritchie, as chancellor of the exchequer, and of Lord George Hamilton, as secretary for India. Mr. Chamberlain's resignation had been tendered on the 9th, and must have been the principal subject of consideration at the mysterious cabinet meeting (p. 376) of the 14th.

Mr. Chamberlain's reasons for

*The New York Press, May 8, 1903, editorial on "Capital's Present Attitude of Abandoning New Activities."

his resignation are explained in his letter to the Premier in which he tenders it. The principal point is the difference that he recognizes as existing at present between himself and the British voters with reference to tariffs on food. He favors such tariffs, in the interest of the colonies, as part of a general scheme of Imperial protection; whereas a majority of the voters, as he believes, are not yet prepared to adopt this view. He accordingly aims to leave the Premier in freedom to pursue a protective reciprocity policy not involving the question of taxing food, while himself declining to be in the position of seeming to accept this emasculation of his own policy by remaining in office.

So much of Mr. Chamberlain's letter of resignation as bears upon that vital point is as follows:

For the present, at any rate, a preferential agreement with our colonies involving any new duty, however small, on articles of food hitherto untaxed, even if accompanied by a reduction of taxation on other articles of food equally universal in their consumption, would be unacceptable to the majority of the constituencies.

However much we may regret the decision, however mistaken we may think it, no good government in a democratic country can ignore it. I feel, therefore, that as an immediate practical policy the question of preference to the colonies cannot be pressed with any hope of success at the present time, although there is a strong feeling in favor of the other branch of fiscal reform which would give fuller discretion to the government in negotiating with foreign countries and for a freer exchange of commodities and which would enable our representatives to retaliate if no concession was made to our just demands.

If, as I believe, you share these views, it seems to me that you will be absolutely justified in adopting them as the policy of your government, although it will necessarily involve some changes in its constitution.

As secretary for the colonies during the last eight years, I have been in a special sense the representative of the policy of a closer union which I firmly believe to be equally necessary in the interests of the colonies and ourselves. I believe it is possible to-day and may be impossible to-morrow to make arrangements for such a union. I have had unexampled opportunities of watching events and appreciating the feelings of our kinsmen beyond the seas. I stand, therefore, in a different position to any of my colleagues, and I think that I should justly

be blamed if I remained in office and thus formally accepted the exclusion from my political programme of so important a part thereof.

I think that with absolute loyalty to your government and with no fear of embarrassing it in any way, I can best promote the cause I have at heart from the outside, and I cannot but hope that in a perfectly independent position my arguments may be received with less prejudice than would attach to those of a party leader.

Accordingly, I would suggest that you limit the present policy of the government to an assertion of our freedom in the case of all commercial relations with foreign countries, and that you should agree to my tendering my resignation of my present office to His Majesty and devoting myself to the work of explaining and popularizing those principles of imperial union which experience has convinced me are essential to our future welfare and prosperity.

While Mr. Chamberlain resigns because the new tariff policy falls short of what he regards as a proper protection programme, the other ministers resign because it is inconsistent with free trade. He resigns because he is a more advanced protectionist, and they because they are more orthodox free-traders, than the Premier. Their action has been imitated by Lord Balfour of Burleigh, secretary for Scotland, a pronounced free trader, whose resignation was accepted by the King on the 20th. Arthur R. D. Elliott, the financial secretary to the treasury (a ministerial though not a cabinet post), has also resigned because he opposes the protection reaction which the Premier evidently contemplates.

Mr. Balfour has not yet announced the reorganization of his ministry, but several names are reported as possibilities. They are the following:

Lord Selborne, first lord of the admiralty, to be secretary for the colonies, in place of Mr. Chamberlain. Lord Milner is mentioned in the same connection.

Austen Chamberlain, postmaster general, son of Joseph Chamberlain, to be chancellor of the exchequer, in place of Charles T. Ritchie.

W. St. J. F. Brodrick, secretary of war, to be secretary for India, in place of Lord George Hamilton.

Mr. Arnold-Forster, secretary to the admiralty, to be secretary for war, in place of Mr. Brodrick.

It is reported that the delay in reforming the ministry is due to ac-

tive interference on the part of the King, who is regarded as being inclined to revive some of the obsolete prerogatives of the crown.

Interest in German politics centers about the proceedings of the Socialist congress at Dresden. Bebel's victory over the opportunist faction on the question of claiming a Reichstag vice-presidency (p. 376), has been supplemented with a kindred victory on the question of revising the party programme further in the direction of opportunism. Bebel offered resolutions in opposition to the revision, and on the 20th they were adopted by an overwhelming majority. The executive committee is reported also to have been virtually chosen by Bebel. So complete is his victory that the Associated Press dispatches from Dresden say "it now looks as though the agitation against Herr Bebel before the convention met was encouraged by him in order that his absolute leadership of the party should be demonstrated and the small faction opposed to him held up to the ridicule of the party." Through the same news channels his victory in the party is described as "a triumph for socialism pure and simple with no shadow of compromise or alliance with any other party." The dispatch proceeds:

It means that hereafter the work of the Social Democrats is to be carried on along the lines of Karl Marx's international propaganda. In his speech before the congress Herr Bebel declared that the aims of socialism were revolutionary; that the main purpose was the overthrow of the wage system and the exploitation of the proletariat by capital, and the substitution of cooperation. To this end he would refuse all offers of compromise and make an aggressive fight. With the great strength that his party has in the new Reichstag and with the assurance that every vote will be at his disposal, the veteran leader will be in a position to make no end of trouble for the government, which will be forced to effect an alliance with various sections in order to secure a working majority.

Activity in American politics is practically confined to the campaign in Ohio (p. 376), which was opened on the Republican side at Chillicothe on the 19th. The meeting was preceded by a parade of clubs from different parts of the