

but the tax now known as the real estate tax, and only so much of that as rests upon the value of sites. Taxes upon improvements would be abolished, along with all other taxes upon industry. As a result of these exemptions, site value taxes would necessarily rise. They could not exceed the full value of sites, but they would rise to that point.

We should find, therefore, when this simple fiscal reform was complete, that no one could hold any kind of land out of use without suffering serious and continual loss. Land would have to be used, and be well used, or be abandoned. There would be no profit in mere ownership. That goal being reached — indeed, long before it had been fully reached — trade having meanwhile been freed by the abolition of all commercial and industrial taxes, the evil of the trust would be exorcised. With the annual value of special landed advantages applied to common use and no longer retained by private owners, with taxes on industry thus made unnecessary, and consequently abolished, with unused land everywhere freely accessible and the barriers of the industrial corral thus broken down, with demand for productive work thereby made to exceed supply and through the free interplay of all the natural forces of consumption and production perpetually to maintain that excess — with these demonstrable effects of the single tax realized, there would be no more possibility of monopolizing business with paper agreements than of holding back the waters of Niagara with a paper dam.

NEWS

Whether the unverified reports of victories by the insurgent Liberals of Colombia, noted at page 633, were true or not, it is now certain that a sharp naval engagement has been fought in the harbor of Panama, the Pacific terminus of the Panama canal route, in which the government suffered serious loss and probably signal defeat. The engagement began early in the morning of the 19th with an attack by the insurgent steamer Padilla upon the government steamer Lautaro, the latter being a Chilean

vessel which the Colombian government had seized for defensive purposes, in the face of a vigorous protest by Chili. The total number of vessels engaged was six—three on each side. Particulars of the battle and its result are meager, but it appears to have lasted several hours. The Lautaro and one insurgent vessel were sunk, and Gen. Alban, the governor of Panama was killed. His death is regarded as a great loss to the government cause. At last reports the government troops were throwing up intrenchments at Panama to defend an expected land attack by the insurgents upon the city, a body of insurgents being at Los Llanos, eight miles away. The American government has assured the representative at Washington of the Colombian government that no bombardment either of Colon or Colombia will be permitted; and that if a bombardment is attempted American war vessels will interfere for the protection of American interests in connection with the Panama railway.

Those interests have grown in importance since the passage by the lower house of congress, reported last week, of the Nicaragua canal bill; for a distinct turn in favor of the Panama route has now developed. This was caused by a supplementary report of the Isthmian Canal Commission, submitted to President Roosevelt on the 16th and by him transmitted to the Senate without recommendation on the 20th. In this supplementary report, the canal commission, composed of Admiral Walker, ex-Senator Pasco, George S. Morrison, Lieut. Col. Ernst, Alfred Noble, Col. Peter C. Hains, William H. Burr, Prof. Emory R. Johnson and Lewis Haupt, unanimously recommends the adoption of the Panama in preference to the Nicaragua route. In the original report the Nicaragua route was favored. The reason for the change was the subsequent offer by the owners of the Panama concession of all their rights for \$40,000,000. They had previously demanded \$109,000,000, and it was because the commission regarded this price excessive that it then reported against Panama. The controlling reason for that report having now been removed, its supplementary report reverses the original recommendation and advises the purchase and completion of the Panama canal. According to that report the purchase recommended would include the right of way; 30,

000 acres of land, which, with the lands belonging to the railroad comprise nearly all the territory required for the canal; 2,431 furnished buildings; a large equipment of construction machinery and boats; 36,689,965 cubic yards of excavation, worth \$21,020,386; all the 70,000 shares of the Panama railroad, except 1,100 which are held by different individuals; and a variety of minor assets, including \$438,569 in cash. Against the assets are liabilities hardly aggregating \$3,000,000. The estimated cost of construction is \$46,563,704 less than the Nicaragua canal would cost.

Another important measure in congress which passed through the lower house swiftly has met with a sharp turn in the Senate. It is the Philippine tariff bill. As reported at page 568, this bill, as rushed through the lower house on the 18th of December (p. 583), provided for the application of the tariff schedules of the Philippine Commission to imports into the Philippines, and of the full Dingley schedules to exports from the Philippines to the United States. But when the bill came up to the Senate it was referred to the committee on the Philippines, the Republican members of which agreed on the 16th to amend it by providing that only 75 per cent. of the Dingley tariff be imposed upon Philippine exports to the United States, and that any export duty imposed in the Philippines upon goods coming into the United States shall be deducted from the American import duty. In this form the bill was reported back to the Senate, and on the 21st the debate upon it began, Senator Rawlins leading on the Democratic side. He proposed to relinquish the islands to their own people in the end, and while holding them to give them the benefit of free trade with the United States.

The actual condition of affairs in the Philippines is favorably described by Gov. Taft, who arrived at San Francisco on the 21st. Regarding the necessity for maintaining a large military force in the islands he said:

I have with me the report of Capt. Allen, of the head of the constabulary, in which he says that, in his judgment, in one year from the date of the report, which is December 15, 1901, the force of American troops might safely be reduced to 15,000 men, that force to be stationed in garrisons at convenient points in the islands. The troops would be used only for a show of authority, and in