

But then we must remember that the farmers have not yet been able to organize a trust.

It may be noticed that if we aggregate farm and manufacturing capital and products we have a total capital of but 31 or 32 billions, with a product of nearly 9½ billions. Where, then, does Mr. Croffut find the remainder of the 65 billions of capital engaged in producing 10 billions of product?

Of the capital of the country a very large amount is engaged in distribution and obtains its profit from the enhanced prices of products that are paid by the final purchasers. Much of this capital is invested in stores and warehouses and in the goods which they contain. Besides there is an immense amount of nominal capital which represents the value of business sites. In transportation, which is a part of distribution, there is invested in steam railroads alone an amount of nominal capital equal to that engaged in manufactures, with net receipts nearly half a billion of dollars, which is a return of 4½ per cent. in a capitalization the larger part of which is representative of no investment of capital whatever, but of franchises conferring special privilege. It is true likewise of the greater part of the nominal capital of the country, that it represents, not real capital which is the product of labor but some special privilege. The larger part of the nominal capital of the anthracite coal combine, for instance, represents no investment in machinery, buildings, or other actual capital, but only the value of the power to levy tribute upon industry. This tribute is imposed upon all real capital as well as upon labor. As is the case with all monopolies, it is measured by necessity and the ability to pay. Nominal capitalization being based upon profits, the longer the hours of labor of the miner and his children and the lower the wages the greater becomes the capitalization.

The capitalization of our street railways, amounting to over two billions, as is well known, is principally a franchise or monopoly valuation.

This high valuation has resulted not only from the low wages of employes, but from the willingness of the public to put up with inferior accommodations.

The selling value of the securities of telegraph companies, as estimated by Prof. E. W. Bemis, amounts to \$600,000,000; of express companies

to \$100,000,000; of private water companies, \$931,000,000; of street railways to \$2,113,000,000. None of these obtain their return from the ten billions of product except indirectly. Wage earners spend the wages which they have received for producing this ten billions of product, in car fares or in other ways that go to make up the return for capital invested in these concerns.

From the earnings of producers and other wage earners, there is a still larger return to capital, very much of which is tribute to monopoly, in the way of residential rents. These must amount to at least a billion of dollars.

Besides all this, there is an immense amount of normal capital representing vacant land and lots held for speculative purposes. The return for such investments goes in the way of increased prices which legitimate capital is compelled to pay for opportunities.

Mr. Croffut should revise his figures.

Existing conditions in the coal fields and among consumers of coal, and the very general inability to comprehend the cause and true remedy for existing evils suggests the query whether the monkeys from whom we are said to have descended, could they appear among us and be made acquainted with conditions, would not be ashamed to own their posterity? They were never so foolish as to allow a few of their number to monopolize the cocoanut and fruit trees of the grove and forest. Would they not be disposed to rejoice that they never evolved.

HENRY L. BLISS.

## NEWS

At the time of our last report from the seat of the war between Venezuela and the debt-collecting powers of Europe (p. 662), a battle was raging between three German war vessels and the Venezuelan fort at San Carlos, a fort commanding the entrance to the Lake of Maracaibo, into which the Germans were endeavoring to force their way. It had then lasted four hours—from 10 a. m. to 2 p. m. of the 21st—and there were no signs of its termination. This battle was still in progress on the 22d. The German vessels had retired for the night at 6 o'clock the previous evening, but early in the morning they

renewed the fight. It continued through that day, when the Germans tried twice to land marines, but the marines were forced back to their ships. Since the 23d, however, nothing very certain about the battle has been reported. Through German sources it has been stated that the German ships succeeded in capturing the fort; and this statement derived some confirmation from a dispatch of the 26th from Porto Cabello to the New York Herald, to the effect that after a three days' bombardment the fort had been captured and blown up. It is noticeable, however, that no reports appear indicating that the blockaders have advanced into the Lake of Maracaibo, which they would likely have done had Fort San Carlos been silenced. This fact gives color to reports from Venezuelan sources to the effect that the German vessels, though they had badly damaged the fort, were on the 23d compelled to withdraw.

There seems to be no doubt that the village of San Carlos was totally destroyed by the German bombardment. This village consisted of 80 houses, built of wood and straw and inhabited by about 250 people—fishermen and their families. It was destroyed by fire caused by the explosion of shells from the bombarding ships. Many non-combatants are reported to have been killed.

Mr. Bowen, as the representative of the Venezuelan government (p. 662), has meanwhile been advancing negotiations at Washington with the European powers. He authorized this statement on the 24th: "I have good reason to believe that the pending controversy between the three allied powers and Venezuela will be settled soon and satisfactorily." On the 25th he was in conference separately with the British and Italian ambassadors and the German charge d'affaires; and on the 26th written declarations were exchanged. It was reported at that time, with apparent accuracy, that in these declarations the European powers had promised the raising of the blockade immediately upon the conclusion of an agreement upon terms proposed by Mr. Bowen and believed to have been provisionally accepted by the powers. The principal feature of the terms thus proposed and accepted is understood to be the hypothecation of 30 per cent. of the customs receipts of La Guayra and Porto Cabello for the

payment of the European claims, for the collection of which the war was begun. A joint meeting of the British, Italian and German representatives, with Mr. Bowen, was held on the 27th, at which, as reported, the latter explained the details of his proposals; and on the 28th, after another joint meeting, Mr. Bowen gave out the following statement:

We have been discussing to-night certain points which needed to be clearly understood. They have been referred to us for our consideration and our views will now be communicated at once to Rome, London and Berlin.

Although Mr. Bowen declines to discuss the details of his proposals, until the blockade shall have been raised, the Associated Press gathered from him that—

The proposals contemplate the administration of the guarantee customs collections by officials to be appointed by Belgium, that country being the creditor (not a naval power) having the greatest pecuniary aggregate of claims. No preference in liquidation is to be given to Germany, Great Britain and Italy, the 30 per cent. being set apart not only for the indemnities demanded by them but also claims of the United States, France, Belgium, Spain, Norway, Sweden and Holland, which have been preferred since the arrangement for paying prior claims in annual installments amounting to 30 per cent. of the Venezuelan customs revenue.

The Alaskan boundary question is believed in some quarters, though without much apparent reason, to have served as the means of bringing the European powers to Mr. Bowen's terms. This question has long been pending (vol. i, No. 47, p. 9). It rises out of a treaty between Great Britain and Russia, made in 1825, when Russia owned Alaska. Under that treaty the boundary line between Canada and Alaska, from the 130th to the 141st meridian was fixed to follow the coast 30 miles inland. This adjustment had little or no importance until the discovery of gold in the Alaskan region. But thereupon, the United States having meanwhile acquired Alaska from Russia, difficulties arose between American and Canadian prospectors and settlers as to the proper location of the boundary. Canadians claimed that the strip of American land 30 miles wide along the coast must be measured from the ocean coast, whence the three-mile limit to the high seas is measured. On the other hand Americans claimed that it must be meas-

ured from the literal coast line, following the course of its indentations. A joint Canadian-American commission was consequently agreed upon in May, 1897, its function being to frame a treaty between Great Britain and the United States adjusting all disputes including that over the Canadian boundary line. This commission adjourned in February, 1899, to the following August, without having accomplished anything final in character. The Canadian commissioners desired to submit the boundary question to the arbitration of a tribunal consisting of one distinguished jurist chosen by Great Britain, another chosen by the United States, and a third, an umpire, chosen by the other two. But that was not satisfactory to the Americans. They demanded a commission of six jurists, three to be selected by each country. They also insisted that existing American settlements on tide waters should remain within the jurisdiction of the United States even if the Canadian theory of the boundary line were in other respects to prevail; and to that the Canadians refused assent. No progress was made by the commission after the interim between its adjournment in February, 1899, and the adjourned day in August of the same year (vol. ii, No. 70, pp. 1, 2.) Upon its reassembling, the United States offered to accept the proposition of an umpire provided Canada would agree to take the umpire from a South American republic; but Canada refused this, insisting upon a European umpire. So the matter was left.

It has now been settled by a treaty signed at Washington on the 24th, and wholly in accordance with the views of the United States. Under this treaty the boundary question is to be submitted to an arbitration tribunal consisting of six commissioners, three to be selected by each side to the controversy. The issue is to be determined by a majority vote, thus making it necessary, in order to prevent a deadlock, for one of the two countries to win over at least one commissioner selected by the other. Moreover, whatever may be the decision of the arbitrators on the general question of boundary, all existing American settlements on tide waters are to remain within the jurisdiction of the United States.

Another important American treaty just signed relates to the Isthmian canal (p. 472), the representa-

tives of the United States of America and of the United States of Colombia having come to terms and signed the treaty at Washington on the 22d. The text of this treaty was made public by authority of the Senate on the 24th. It contains 28 articles. Article 1 authorizes the transfer by the Panama Canal company of all its rights, etc., to the United States. Article 2 makes a concession of right of way for 100 years, with privileges of perpetual renewal. Article 3 concedes a strip six miles wide to be policed, etc., by a joint commission of the two governments. Article 4 reserves to Colombia all general rights of sovereignty over the area ceded. Article 5 relates to the construction, maintenance, etc., of convenient terminals at each end of the canal. Articles 6 and 7 relate to details of construction, security, etc. Article 8 declares Panama and Colon free ports for goods destined for transmission through the canal, but reserves the right to Colombia to collect duties on imports. Articles 9 to 15 relate to details. Article 16 declares the canal and its entrance to be neutral territory in perpetuity. Article 17 gives to Colombia free right of way for military purposes. Articles 18 to 22 relate to details. Article 23 provides for protection against hostile attacks. Colombia is to provide military protection permanently, but—

if the government of Colombia cannot effectively comply with this obligation, then, with the consent of or at the request of Colombia, or of her minister at Washington, or of the local authorities, civil or military, the United States shall employ such force as may be necessary for that sole purpose, and as soon as the necessity shall have ceased will withdraw the forces so employed. Under exceptional circumstances, however, on account of unforeseen or imminent danger to said canal, railways or other works, or to the lives and property of the persons employed upon the canal, railways and other works, the government of the United States is authorized to act in the interest of their protection, without the necessity of obtaining the consent beforehand of the government of Colombia, and it shall give immediate advice of the measures adopted for the purpose stated; and as soon as sufficient Colombian forces shall arrive to attend to the indicated purposes those of the United States shall retire.

Article 24 requires the United States to begin construction within two years after ratification and to open the canal to inter-oceanic traffic within 12 years thereafter. Article