

page 13), addressed to the Cincinnati Single Tax club in acknowledgment of a remonstrance against the war upon the Filipinos, which that club had adopted and had sent by its secretary, Mr. S. Danziger, to the Filipino junta at Hong-Kong. Dr. Apacible has lately come to this continent on the special mission of issuing the appeal of the central committee to the American people. His companion in this mission is Mr. R. D. Fontela, a native of Manila, and, like Dr. Apacible, a gentleman of high culture. These gentlemen have shown to their sympathizers in Cincinnati credentials that fully entitle them to confidence as representatives of the cause of Philippine independence and as authorized by the central committee to speak for the rights of the Filipino people in an official manner. This address "To the American People," printed in parallel columns of Spanish and English, is published in pamphlet form. It is worthy of careful preservation for its historic value. But a document so noble in its patriotism and so pathetic in its appeal to the world's brotherhood will be treasured for other reasons besides its historic value; it will command the heartfelt sympathy of every friend of liberty, justice and peace. The name of any applicant for the pamphlet will, if sent to Walter H. Beecher, box 111, Cincinnati, be forwarded as promptly as possible to Mr. Fontela, who is now distributing it free to all parts of the United States. The Filipino representatives themselves are stopping in Toronto. For obvious reasons, however, their exact address is not made public.

#### THE MEAN LEVEL OF ECONOMIC PHENOMENA.

The mean level of the ocean is what its level would be if there were no tides or waves. It is the level at which the tides equilibrate, and toward which wave crests fall and wave hollows rise. This common level, to which all undulations tend, is a stable basis for calculation. No one would think of objecting to it because the waves throw up higher crests and hol-

low out lower depressions. Nor would anyone for that reason discredit generalizations that depend upon it. No one, for instance, would set up the fact that some ocean waves rise higher than the Hudson river, to discredit the conclusion that the Hudson river must empty into the ocean because its mean level is higher than the ocean's. Yet in political economy, where the mean level of the ocean has its perfect analogue, just such absurd objections are gravely raised.

Political economy is a science of tendencies. So understood, it is an exact science. Just as the mean level of the ocean may be exactly ascertained, though the waves rise and fall in a way to defy calculation, so the mean level of economic undulations may be exactly determined, notwithstanding the number, variety, uncertainty and complexity of individual transactions. But some students and not a few professors of economic science, ignoring this, frequently dispute sound economic generalizations, even such as would appear to the untutored to be axiomatic, for no better reason than that they are contradicted by some transitory economic phenomenon. It is as if the greater height of a particular wave, or the deeper depression between two waves, were cited to show that the mean level of the ocean is a mere assumption which facts disprove.

A familiar example of this species of perversity is the denial by some economists that cost of production determines the value of products.

Particular products are instanced, the value of which is conceded or shown to be very much above or below the cost of their production, and also of their reproduction. This seems to invalidate the generalization and is often accepted as conclusive. But it does nothing of the sort.

Instances of this kind, like the waves of the ocean, are only undulations. At the mean level of economic phenomena, the axiomatic truth still holds good, that cost of production determines the value of products. Trade being unobstructed, no kind of production can be carried on long with the value of products either above or below their cost. If their value remains below cost, their pro-

duction must cease for lack of remuneration; if it stays above cost, competition will draw off purchasers. Whatever the undulations in value may at any time happen to be, the cost of products does determine their value.

Another example of the disposition to discredit sound general principles in political economy by reference to particular economic undulations is connected with the incidence of taxes. When levied upon a product of current labor, taxes are found to enhance the price of the product, thus shifting the burden of the taxation from the maker or seller of the taxed product to its last buyer or consumer. The principle consequently inferred is that taxes on labor products are borne by consumers.

This generalization is often denied, because there are instances in conflict with it. For example, stamp taxes on proprietary medicines are not always added to the price. But although that be true, it is only another instance of disputing the mean level by measuring the altitude of a wave crest. A one-cent stamp tax upon a dollar bottle of medicine might not be added to the price. This proves nothing, however, except that in that instance the tax is too small to produce its natural effect. A dollar stamp tax upon a dollar bottle of medicine would certainly express itself in the price. So would a tax very much less than a dollar. And if the proprietary medicine happened to be subject to keen competition, even so small a tax as one cent would be shifted to the final buyer.

Any tax upon products, however light it may be, has a tendency to increase their price, just as any pressure upon a wall has a tendency to topple it over. Whether the tendency produces its natural effect must depend in the one case, as in the other, upon such circumstances as its own persistence and the resistance it meets. When a tax is high enough on products to leave the producers no remuneration for the work, the price must go up or production must cease. Men will not produce for nothing. Though some taxes on some products may not for some time be shifted to consumers through higher prices, it

is nevertheless absolutely true that at the mean level of economic phenomena, taxes on current production are shifted from producers to consumers, just as in the specific instances of telegraph tolls and express charges our one-cent internal revenue stamp tax is shifted from the corporations to the persons who send messages and ship packages.

Still another sound generalization, probably the most important in the whole range of political economy, is often disputed with no better reason than that it is contradicted by some undulation or other upon the restless surface of economic phenomena. It is the simple but exceedingly luminous truth that demand for consumption determines the direction in which labor will be expended in production.

If, for illustration, consumers increase the demand for bread and lessen the demand for beef, producers will quickly respond by diverting some of their energies from beef-making to bread-making. Especially impressive illustrations of this great economic truth are observable when some fashionable product, such as hoopskirts once were, goes out of fashion. The expenditure of labor in the direction of producing that article ceases at once. Cessation of demand causes cessation of production. On the other hand, when a new product comes into general use, as the bicycle, labor turns in the direction of producing it in quantity and quality to meet the demand of consumers. These instances exemplify in a marked way the principle that demand for consumption determines the direction of labor in production. But the same principle operates when the change is not so marked. The tendency is universal. Any variation in demand for consumption tends to cause a corresponding variation in the direction in which labor is expended in production.

But this almost obtrusive principle is often denied or ignored, because in some industries the producer has had to create a demand for his products. From that fact it is argued that, in those cases at any rate, the direction of production has determined the demand for consumption, and the principle been thus reversed.

Such cases do not rise to the dignity even of exceptions to a general rule. Though the producer does solicit consumers, his production is on the whole only in response to demand, even though he has himself stimulated the demand into activity. It was many years after some bicycle manufacturers began to whip up demands for the "wheel" that a great demand set in; but it is evident that upon the mean level of economic phenomena it is demand for bicycles that turns labor to their production, and not their production that makes consumers demand them. If demand for bicycles should cease, bicycle making also would cease.

It is similar with the accumulation of goods in stores in advance of the actual demand for them. Though this seems like an instance of production causing demand, it is in fact a splendid instance of demand causing production. The fact that particular goods are produced in advance of particular demand is immaterial. That is only an undulation on the surface of economic phenomena. They are produced in reliance upon a demand which experience has proved to be constant.

Particular goods in great quantity and variety are continually produced to Chicago in advance of the particular demands of Chicago consumers. But this is not because production determines demand. It is because Chicago is known to be a center to which consumers come to satisfy their demands. It is demand for goods at Chicago that brings them there; not their being there that makes the demand. Goods are not produced in great quantity and variety to prairie hamlets in expectation of creating a demand for them there. Since the usual demand at hamlets is for a few goods of meager variety, only a few simple goods are produced to the hamlet. It is the character of the constant demand for consumption that determines the production of great storehouses of goods to a Chicago, and of the small supply at cross roads stores.

That demand for consumption determines the direction in which labor will be expended in production is an indisputable truth. Any instance which apparently contradicts it is

either no contradiction at all, or is like a rolling wave that rises above or sinks below the mean level of the ocean.

The absorption of the pecuniary benefits of material progress by land values, is yet another mean level principle of political economy to which the undulatory school of economists object.

It is as plain as a pike staff that when and where land is monopolized, the pecuniary benefits of local progress must add to local land values; and that ultimately local land values will altogether measure these benefits. Instances of the truth of this principle are abundant, but no experimental proof is really needed. A celestial visitor who had never heard of political economy, of land, of land values, or of material progress, but whose logical machinery was intact, could reason it out. Given a community in which all the land is monopolized, so that no one can enjoy any of the benefits of living or working there without the consent of the landowners, obtainable only at a price in free competition, and it is inevitable that any advantages which that community has to offer will be charged for by the landowners in higher rents and higher selling prices, and that ultimately this charge will come to equal the pecuniary advantages of living or working in that community. This principle is so evidently universal that it must apply not only to a little community but to the whole world.

But it also is a principle which is assumed to have been discredited by some undulation. Such economic phenomena as the fall of farm land values in old England and New England are frequently referred to as having quite completely done away with it.

It may be true that these values have fallen as compared with what they were a few years ago. But it is not true that they have fallen as compared with what they were 300 years ago. We therefore mistake a fluctuation for a tendency, an undulation for the mean level, if we assume that these temporary depressions of value in recent years are in contradiction of the general principle that land values

absorb the pecuniary benefits of progress. Moreover, and this is the more important consideration, though farm land values have fallen in some places, other land values have risen in other places. Before the England and New England farm land values declined, Dakota and Manitoba farm land values were at zero. These have risen as the others have fallen, and manifestly in greater degree. Likewise, as farm land values have fallen or remained stationary, town values and mine values have risen enormously. The test of the principle is not whether land values for certain purposes or in certain places have risen or fallen. That test would determine nothing but undulations. The real question is whether land values have risen or fallen on the whole. That is where the mean level lies. In fact land values as a whole have risen wonderfully within the past 50 years. There is but little land now in all the civilized world which is not worth as much as it was half a century ago; and there is much that has multiplied in value a hundred, a thousand, or ten thousand fold.

Even if land values have not yet absorbed all the pecuniary benefits of civilization, their tendency to do so is manifest; and in so far as they fall short of it, the explanation lies plainly in the fact that the monopoly of the earth is not yet complete.

One very remarkable instance of the disposition among political economists to ignore the mean level of political economy, while they concentrate attention upon undulations, remains to be considered. It is, however, more interesting than important; in which respect it differs from the other instances. We refer to the cavilling over the doctrine of "unearned increment." Some economists, when they discuss this doctrine, are verily unable to see the forest for the trees.

"Unearned increment" may not be a felicitous term. It was adopted somewhat carelessly by John Stuart Mill to describe increase in land values. Mill had noticed that land values, unlike other values, tend to increase. He therefore referred to them as an "increment." And as he understood perfectly that they are

not earned by landowners, wherein they differ from other values, which are earned by laborers, he called the increment "unearned." It would be futile now, and is altogether needless, to quarrel with the felicity of this term. For all practical purposes it is excellent. It has peculiar excellence, because it directs attention to the fact that owners of land get a value which they do not earn. The injustice of that is instinctively recognized, and has suggested the propriety of taking the "unearned increment" of land for common use, upon the theory that "unearned" values are common property.

So manifestly fair is this suggestion that special pleaders for landlordism are exceedingly cautious about making frontal attacks upon it. Preferring flank movements, they admit that land does take on an "unearned increment" of value; but they assert that this is unimportant because other things besides land do the same. And from that they argue that the "unearned increment" of land cannot fairly be made a common fund unless all other "unearned increments" are similarly treated. Supposing that to be impossible, they snap their fingers and shout, "flanked!" Here is a charming example of undulatory economics.

One class of illustrations on which these special pleaders dwell comprises such unique things as rare coins and old books and pictures. But the increasing value of such objects has no more relation to political economy than your grandmother's portrait has to household economy or her wedding slippers to the shoe trade.

Another favorite illustration is the diamond found in the street. The finder does not labor; for though there is exertion in his stooping to pick up the diamond, it is wholly disproportionate to the value of the stone. This illustration is quite pointless. There is no "increment" of value, none whatever, to a lost diamond which has been found. Its value is no more after the finding than before the losing. Such value as the finder acquires is only that which the loser lost. The finder truly comes into possession of value without earning it; but the loser owns that value, and if he turns up the law will justly restore it to him.

A far better illustration of the point is afforded by the Iowa law courts. Upon a certain Iowa farm not many years ago, an aerolite dropped one night and sunk in the ground. A wayfarer who had seen it fall dug up the aerolite and sold it to a college for \$250. His labor was so slight, in comparison with that price, that it may be disregarded for the purposes of this illustration. The wayfarer, therefore, would appear to have been the owner of \$250 of "unearned increment" of aerolite. But not so. Before the college could pay him, the owner of the farm where the aerolite had fallen put in an appearance, claiming the money; and the courts decided that it belonged to him and not to the wayfarer. They reasoned, quite correctly, that the aerolite became part of the land as soon as it fell. So this \$250, instead of being an "unearned increment" of aerolite, was an "unearned increment" of land. It is so with all "unearned increments." At the mean level of economic phenomena they attach to land.

As with the Iowa aerolite so would it be with diamonds found where nature had left them. If you find a diamond in its natural state on a landowner's premises, the value of the diamond is his and not yours. It is an "unearned increment," not of diamond, but of land. It is true that it would be yours if you found it upon public land; and as to that particular stone, you might seem in that case to have acquired an "unearned increment" of diamond. But this would be in seeming only. At most it would be an economic undulation.

That the value of a diamond so found is essentially an "unearned increment" of land may be seen if we suppose, what would naturally be the case, that it is not a stray stone you have found, but a diamond deposit. Should you have found this on private land the land would rise in value as knowledge of the discovery spread, until all the "unearned increment" of those diamonds had attached to the land where they lay. The same thing, with a difference only as to beneficiaries, would occur if your "find" were upon public land. You, or some one else, would acquire private title to the site of the diamond deposit, and through the land monop-

oly thus created would as landlord appropriate all the "unearned increment" of the diamonds, thereby making it an "unearned increment" of land. The history of Kimberley tells that story eloquently.

Analyze the "unearned increments" of other things than land, and they prove at last to be "unearned increments" of land. All instances to the contrary (such as the finding of a stray diamond without an owner) which the most laborious student can discover or the most imaginative professor invent, will prove upon investigation to be to the mean level of economic phenomena what rolling waves are to the mean level of the ocean—mere transitory undulations.

Very much of the polite quarrel among political economists would cease, were the fact more clearly recognized that economic phenomena have a mean level toward which all undulations tend. If it were better understood, that is, that political economy is a science, and that it is a science of tendencies. In a way this is recognized. But the recognition is quite perfunctory. It is, indeed, only verbal, as a glance through almost any book on the subject will show. The professors seem to lose all consciousness of the mean level in their painful efforts to measure the height and depth of particular waves. Modern text books in political economy are given over largely to erecting sectional views of economic undulations. And this is not so much for the purpose of coming at the mean level in that needlessly difficult way, as to show that there is no mean level but only a vast confusion of tossing waves and tumbling billows.

## NEWS

The advance of the allies in China from Tientsin to the relief of the Peking legations, reported last week (page 264) as having begun on the 1st, turns out to have been merely a reconnoissance on the part of some Japanese troops. The advance did not really begin until the night of the 4th. It was made by contingents of Russian, Japanese, English and American troops, aggregating 16,000 men, the Russians and the Japanese

predominating. After a forced march of several hours these troops encountered and attacked a force of Chinese estimated at 30,000, strongly entrenched at Peitsang, 11 miles from Tientsin, up the Peiho river. The attack was begun early on the morning of the 5th. The Chinese, who had flooded the country on their left flank and were equipped with artillery, subjected the allies to a heavy, accurate and destructive fire. After a desperate battle of seven hours duration the allies succeeded in taking the Chinese trenches. Though defeated, the Chinese retreated in good order up the river toward Yangtsun. The loss of the allied forces was more than 1,000 killed and wounded; while the Chinese loss, though not definitely known, is supposed to have exceeded 4,000. Further news of the advance movements is lacking. It is expected, however, that the allies will be delayed by the severity of their losses for a few days, and that the next battle will occur at Yangtsun, farther up the river.

The safety of the foreign ministers at Peking, which by our last week's report was assured down to the 24th, is now positively assured to as late a date as the 3d. This assurance comes from the American Minister Conger and the British Minister Macdonald. Mr. Conger's dispatch was received at Washington on the 8th. It was sent from Tsi-Nan, in the province of Shantung, on the 7th, and is as follows:

Still besieged. Situation more precarious. Chinese government insisting upon our leaving Peking, which would be certain death. Rifle firing upon us daily by imperial troops. Have abundant courage, but little ammunition or provisions. Two progressive Yamen ministers beheaded. All connected with legation of the United States well at the present moment. This message practically confirms the Chinese reports, and it is believed to have been sent from Peking not earlier than the 2d or 3d.

On the 8th a message from the British minister, Sir Claude Macdonald, was received in London in response to a cipher message from his home government. It was dated at Peking on the 3d, and is also in cipher. It is as follows:

I have to-day received your cipher telegram forwarded to me by the Chinese minister. The shell and cannon fire ceased on July 16, but the rifle fire has continued from the Chinese posi-

tions held by government troops and Boxers, intermittently ever since. The casualties since then have been slight. Except one private of marines, all the wounded are doing well. The rest of the British in the legation are well, including the whole garrison. The total of killed is 60 and of wounded 110. We have strengthened our fortifications. We have over 200 women and children refugees in the legation. The Chinese government has refused transmission to telegrams in cipher until now.

The efforts of the Chinese government to force the ministers to leave Peking, as indicated in Mr. Conger's message, is explained from Chinese sources by the text of an imperial edict of the 2d, which was received by the Chinese minister at Washington on the 7th. It is as follows:

Throughout the disturbances recently caused by our subjects on account of Christian missions, which have resulted in a conflict of forces, it has been found necessary to afford protection to all the foreign ministers in Peking. On repeated occasions the tsung-li-yamen sent notes inquiring after their welfare. And as Peking has not yet been restored to order and precautionary measures may not secure absolute safety, the foreign ministers are being consulted as to the proposed plan of detailing troops to escort them safely to Tientsin for temporary shelter, so that they may be free from apprehensive anxiety or fear. We hereby command Jung Lu to appoint as a preliminary step, trustworthy high civil and military officials, who, together with reliable and efficient troops, shall at such time as the foreign ministers may agree upon for leaving Peking escort and protect them throughout their journey. Should lawless characters manifest evil designs upon the ministers, or attempt to rob them or in any way create trouble, they (the high officials) shall at once repress them without fail. If the foreign ministers, before leaving Peking, should desire to communicate with their respective governments, and if their telegraphic messages should be in plain language, the tsung-li-yamen shall at once attend to them without the least delay, thus manifesting the utmost friendliness of the imperial government.

Supplementing the news of military operations in China there come reports of further fighting in the Philippines. A skirmish occurred near San Isidro, about 50 miles north of Manila, which Gen. MacArthur reported officially on the 4th. He said that "First Lieut. Alstaetter, corps of Engineers, United States army,