

plotation of the buyer. It is clear that there is something else that does this, that this something else is privilege which in considering the points that are raised must be regarded as the antithesis of those natural functions of the true laws of economics, in the failure to consider which all so-called economic science has been so pitiful an exhibition of intellectual topsyturviness.

What is true of the regulation of the prices of commodities by government is equally true of the regulation of the wages and the hours of labor. The necessity for such regulation under present conditions is not denied; what is contended for is that even the need for laws of this kind are a positive proof that the natural laws of economics have been antecedently violated.

The *reign* of economic law is proved by the fact that economic problems are not local; however they may differ in appearance they are still the same. The semblance of difference arises from different methods of treating them. It is the variety of half-way solutions that give these problems, always identical, their delusive quality of separateness.



It is true that the economists talk of the "natural laws of supply and demand"; but this is in explanation of conditions which confront them of numbers of men out of employment, which conditions sometimes develop into panics and long periods of industrial depression. They are conscious of the fact that it is not a "natural law" (called "demand" or "supply," or what you will) that large numbers of men should be out of work. To appeal to a natural law in this particular instance, with no warrant for such appeal, to save them from the consequences of their own artificial systems, is the only resort left them.

For they could otherwise only admit their failure to account for this phenomenon as the failure of their systems to render adequate explanation; this would have been fatal to the system. So they throw the onus of the fact of unemployment on the natural laws that none of them had the courage to postulate at the beginning, and fewer still to examine in the blazing light of these phenomena

These writers do talk of "the law of competition." They approve or stigmatize it in the same breath, or sometimes apologize for it. It is a "good" law or "bad" law, as suits the exigencies of the occasion. Competition is so fierce, so destructive, they tell us, that it must be modified by artificial means. The state must step in and part these fierce terriers of the business world that

are springing at one another's throats.* They tell us competition is really useful within certain limits. Rockefeller did a great service in killing competition in the oil business. It is true no one can determine what the safe limits of competition are, so we have a Sherman Anti-Trust law which even a Supreme Court fails to interpret in exact terms, or tell what it is intended specifically to forbid. Was there ever such a confusion of tongues?

Nine-tenths of the works dealing with these problems show not only no knowledge of economic laws or positive distrust of the little that is known of them. There is rarely or never any attempt to discriminate between corporations possessing natural monopolies, and those possessing artificial or legalized privileges. It is assumed that the same theoretical or legislative treatment may be accorded both. But if competition is a natural law, so then are co-operation and combination, and the Papal Bull launched against the comet was no more ineffectual than the laws which seek to restrain their operation. They will have an effect indeed, but one quite unlike what the authors intended. And in their practical interpretation by courts and executives a "rule of reason" will have to be adopted to save legitimate industry from being assaulted hip and thigh in the mistaken attempt to curtail privilege—mistaken, since privilege cannot be thus curtailed.

JOSEPH DANA MILLER.

EDITORIAL CORRESPONDENCE

MEXICO IN BLOCKADE.

Mexico, March 9.

Though President Wilson's financial blockade has not yet ousted the Dictator, it has considerably interfered with his "pacification" plans. The most cherished one, that of increasing the army by conscription to 150,000 men, could not be materialized for lack of funds. In fact, as early as last October the local contractors for army equipment had been bled to the limit, and dozens have not yet been paid their bills, which range from \$10,000 (silver) to \$250,000 and involve in many cases their whole private fortunes. As the rifles, the artillery and much of the ammunition could not be made in Mexico, they have been ordered abroad, in Japan and Germany. But the foreign requirement of cash in advance has been obstructive to army inflation, espe-

*"Where for any reason competition will not or cannot act it is sometimes better to fix prices by custom or law than to leave it to the results of special bargaining."—President Hadley in "Economics."

"Competition in American business life was insufficiently moderated by the state or the prevailing tendency of American life."—Herbert Croly in "The Promise of American Life."

cially since the rise in foreign exchange of 50 per cent.

The Federal army officers now enjoy about double the salaries of the former peace footing; and the army increases, added to losses at the front, have caused a meteoric ascent in rank of the older personnel. When we add to these legitimate gains, the graft so easy of access in campaigns—for general officers and their favorites—in a country so demoralized and dishonest as Mexico, we may begin to understand why Mexican officers are less anxious for peace than were even the Spanish officers in Cuba during the ten years' war.

The Federal privates find loyalty less profitable. It is true that their nominal daily pay is now \$1.50 as compared with 62 cents under Diaz; but much of the time this is in arrears and, under the Mexican commissary system, no pay means no food. Then a good fraction of the army are there against their will and these, however skilfully distributed, are bound to disaffect the volunteers.

The impressed men are from two classes, the rebel prisoner and the federal citizen. Though the practice of shooting military prisoners is as common among "civilized" Federals as among "bandit" Rebels, the victims are usually only officers, while the captured privates are forced into the Federal ranks. The levy (kidnaping) of citizens for the army, as conducted throughout Federal Mexico, continues to outrage the most elemental civil rights. In "reconcentrated" Morelos it is reported that 20,000 men have been levied out of a total population of 160,000. In the large cities the streets, after 9 p. m., are scoured by the press gangs who march the unlucky wayfarer to the barracks, and to make detection difficult, enter him on the army roles under a false name.

Public amusement places are favorite hunting grounds for the kidnapers and a good haul is often made at a "movie," when the lights are out. Recently in Pachuca, 100 men were levied in broad daylight on their exit from a bull fight. If the levy were confined to the slum-loafers and the parasitical rich it might be considered a public benefit; but these undesirables are seldom bothered, the usual victims being decent workmen or free rural Indians.

Much indignation has arisen abroad over the reported torture of young Terrazas at Chihuahua by General Villa; but if true, this procedure was no novelty for modern Mexico. I am informed that torture is even today a common practice, at the Federal prison of San Juan de Ulloa, in Vera Cruz harbor, to get confessions from political suspects. In this prison is a cell whose window sill is a foot below high-tide level, so that its inmate can only keep from drowning by holding himself up by the hands from bars overhead. This enforced suspension during the two diurnal tides, alternated with dampness and tropical heat, will soon shatter an iron constitution and break down the strongest nerves. The third degree, by beating and whipping, is a common practice in all native prisons.

Villa may be as barbarous as his enemies claim, but the following story exhibits in him a virtue uncommon in Mexico. After the battle of Bachimba, in March, 1912, there was a field banquet given by the Federal officers to celebrate the defeat of Orozco

by General Huerta. During the toasts, when hilarity had become boisterous, some one proposed Huerta for President and was cheered to the echo. The only dissenting voice was that of Villa—then a major—who suggested that such a toast sounded like rank disloyalty to President Madero. Nothing more was then said; but shortly after, Villa was arrested by Huerta on a charge of insubordination, and only escaped immediate execution through the interposition of one of the Maderos, then with the army.

In his harsh treatment of Spaniards, Villa has acted the role of avenger for the Mexican masses on a hated race. Though decent Spanish families are not uncommon in Mexico, especially among the merchant and skilled artisan classes, the bulk of them here have debased private morals, while publicly they are solely responsible for the atrocious misrule—political, clerical and industrial—which has cursed Mexico since the Conquest. The hacendado oligarchy is not only of Spanish descent, but is continually reinforced by inter-marriage with Spanish adventurers, few of whom on arrival have anything but white blood and unscrupulous cunning as qualifications for slave-driving power.

Spanish control has been so pernicious for the Mexican native that civilization and degeneracy are here synonymous terms. The farther one travels from the big cities—the centers of Spanish influence—the more liable is one to find natives who exhibit such primitive virtues as truthfulness, honesty, industry and loyalty, qualities which seem entirely lacking in the majority of the civilized. So embittered are the rural natives against Spaniards, that Europeans, when captured by rebel irregulars, have often only escaped death by proving themselves other than Spanish.

The attempt of Madero to inaugurate industrial freedom without destroying feudalism, and to secure political democracy with a Congress full of hacendados was foredoomed to failure. Carranza and Villa, with their anti-Spanish policy—if kept within the civilized code—and with their confiscation of the great recently stolen estates of the Diaz grafters, are laying the essential foundations of future peace and freedom. How much of our present suffering and slaughter would have been avoided if Madero had been an Edmund Danton instead of a Buchanan!

Though peonage was absolutely prohibited by the Federal constitution of 1857, it flourished everywhere under the Diaz regime. When President Madero forbade the rural police to act longer as slave-catchers for the hacendados, a vast number of peons left their homes and sought work elsewhere. A great rise in wages then ensued in many sections, which still prevails, as Huerta has been too busy with "pacification" to attempt to restore peonage. Thus in a certain Pueblan hacienda all but three of the old force of sixty peons escaped in 1912, and to get a new force the owner was forced to offer double the former wages of 25 to 31 cents a day. In the cities the depletion of skilled labor for the armies has raised the money wages of many trades from 25 to 50 per cent.

The Federal revenue proceeds chiefly from a stamp tax on minerals and legal documents and from a custom tariff. When Huerta decreed a doub-

ling of the former and a 50 per cent increase of the latter tax on December first, it affected the payers of the stamp tax less seriously than those of the tariff. The importers are mostly Europeans and normally do a big trade in hardware, dry goods, drugs and so forth; but when they were forced to pay a 50 per cent increase in both the tariff and foreign exchange they faced a crisis, for retail prices could not be correspondingly put up without greatly affecting consumption.

Last summer Huerta forced a loan of about \$16,000,000 from the public banks of Mexico. The quota assigned to the great Bank of London and Mexico—originally English but now French—was \$8,000,000; and this drain combined with the business depression had so shrunk the bank's reserves that it must have suspended during the bank runs of last December had not first aid from its political department arrived in the nick of time. An executive order, declaring an immediate bank holiday for a fortnight had been prepared and this, when properly sugared by a \$50,000 personal check, was at once signed by Huerta and saved the bank.

The original bank holiday before it expired was extended finally till April first; but aside from the Bank of London and the Mercantile Bank of Monterey, none of the other banks had gone to their limit of refusing payment to depositors. The stoppage of payment on the \$40,000,000 deposits of the Bank of London has aggravated the business depression, for many of its customers were forced to shut down production for lack of working capital.

As the Mexican silver dollars (pesos) have been worth, since last August, 25 per cent more abroad than at home, they would long since have all been exported if Gresham's law had been allowed to freely operate. In spite of the law against the export of pesos, they had become so scarce in December that a \$5 bill was then almost as unbreakable as was the £1,000,000 bank note of Mark Twain's famous story.

Under former banking law none of the issue banks, except the National, could issue paper to an amount exceeding twice their metallic reserves; also the notes of a State bank were only legal tender within its State, the only bills of general circulation being those of the National and the London Banks. In January, to relieve the run on the State banks, Huerta decreed their notes to be of general legal tender and gave most of them the right to issue paper to the extent of thrice their metallic reserves, the ratio hitherto enjoyed only by the National Bank. The new issue of notes has been largely in \$1 and \$2 bills—before, a \$5 bill was the smallest—and these have now relieved the acute currency shortage of January.

Originally the creature of the hacendado party, Huerta in financial straits has turned on his patrons and started to tax their land. At first these new assessments were called "loans," but at present they bear a strong resemblance to the contributions exacted from his victims by General Zapata. Recently when the civil governor of Jalisco, Sr. Portilla, was replaced by a colonel, the latter started his rule by calling a convention of hacendados to discuss the treasury deficit. When the colonel told the scarce dozen present at the meeting that he needed \$200,000 at once, one of the richest arose

and advised the new governor not to feel discouraged at the small attendance since those present would agree to canvass the absentees and procure the desired sum. When the colonel answered that the services of his audience were not needed as canvassers, but as the contributors of the whole \$200,000, consternation reigned. It is reported, nevertheless, that the money was produced before adjournment.

In spite of soaking both subjects and patrons for more taxes, it is doubtful if Huerta could have lasted to date except for Lord Cowdray. Of the inner circle of the Diaz "cientificos," Cowdray had with the discovery of petroleum obtained such favorable concessions as to threaten the monopoly of the Waters-Pierce Oil Company in the Mexican oil trade. The latter were frightened and when Madero revolted they backed him to the extent of a \$600,000 loan. Naturally Cowdray was opposed to Madero and he is believed to have been the chief foreign backer of the Felix Diaz mutiny last year.

The Mexican petroleum field is one of the world's largest. Last year, with throttled wells, it produced 16,000,000 barrels. Cowdray controls over 500,000 acres of oil land and has made a contract with the British navy to deliver to it his whole output in case of war. This contract along with his peerage gave him sufficient prestige with the British Foreign Office to have his creature, Sir Lionel Carden, named as ambassador to Mexico last year. Carden was formerly British consul-general in Mexico City and had then acquired a large tract of oil land near Minatitlan, Vera Cruz, which he later transferred to Lord Cowdray.

The reported advances of Cowdray to Huerta include \$15,000,000 last March for preliminary expenses, as much more in December to make up the deficit for the payment of the National Railways' bond coupons and a final advance in January of \$25,000,000. Except for the last sum (which is believed to be secured by a mortgage on the 65 per cent interest of the government in the Tehuantepec railroad) Lord Cowdray appears to have nothing to show his stockholders in his Mexican Eagle Oil Company for the vast recent expenses of its political department. In fact, Huerta is so ungrateful as to have just raised the export tax on oil from 20 to 75 cents a ton.

Huerta is free from the national weakness, the manana habit, and hence his latest proposal to establish a government bank of issue has almost paralyzed the nation, already calloused as it was by a year of similar outrages. The new bank will base its paper "not only on metallic currency, but on the unsold bonds of last year's \$200,000,000 issue, and on other valuable national property." The reason given for this dreadful plan is "to relieve the government's need since the State banks have not kept their promises and used their new bills to help the nation but only for commercial gain."

The bars will thus be let down for a flood of paper money—limited in amount only by the speed of printing—which, if not checked, means universal ruin for the native middle class as well as for many kinds of foreign investments. The country's only hope seems the speedy victory of Carranza, who has been heroically struggling for a year in spite of the

American embargo on arms. The latter was only decreed by Taft to hinder the attempt of Orozco to overthrow the Constitutional President, Madero.

RESIDENT OBSERVER.

NEWS NARRATIVE

The figures in brackets at the ends of paragraphs refer to volumes and pages of The Public for earlier information on the same subject.

Week ending Tuesday, March 24, 1914.

Will of Joseph Fels.

The will of Joseph Fels, dated December 1, 1903, was admitted to probate on March 19 at Philadelphia and reads as follows:

Being about to sail for America on a visit it is my desire in the event of my death that my dear wife, Mollie (Mary) Fels, shall have the entire disposal of any and all wealth, real and personal, I may die possessed of, as seems best to her, and having full confidence in her judgment and that of my loving brother, Maurice Fels, of Philadelphia, and of Walter Coates, of Middleboro, Yorkshire, my friend, it is my desire these two men act with my wife as executors (without bond) of this, my last will and testament.

I request my said wife to pay over to Walter Coates the sum of \$50,000 out of my estate, free of all sums that he may now owe to me, as a token of appreciation of W. Coates' faithfulness to me, and as a man.

JOSEPH FELS.

A codicil dated December 13, 1907, is as follows:

I ask my brother, Samuel S. Fels, to be one of my executors along with my wife, brother Maurice Fels, and friend Walter Coates, and beg that my said brother, Samuel, will consider this as written over two years ago when we came to know each other as we are—friends as well as brothers.

JOSEPH FELS.

[See current volume, pages 193, 199, 276.]



Farewell Dinner to Wedgwood.

A farewell dinner to Josiah C. Wedgwood, M. P., was given at the Hotel Grenoble, New York, on Monday, March 16th. Seventy-five were present. The speakers were: Hon. John J. Murphy, Hon. Lawson Purdy, Hon. Samuel Seabury, Hon. Robert Crosser, Lincoln Steffens, Dr. Fred C. Howe, Joseph Dana Miller, Frank Stephens, Charles Frederick Adams, Benjamin Doblin, Whidden Graham and Daniel Kiefer. John T. McRoy was host and chairman. Mr. Wedgwood spoke of the unity of the movement, and of the brotherhood of the English and American movements. He told of the uncompromising stand for justice of our English brethren. He detailed their free speech and anti-bureaucratic labors. At the conclusion of his address he was wildly

cheered. He left for England on March 17th. [See current volume, pages 227, 248.]



Anti-Imperialists Compliment Harrison.

Under date of March 18 the Anti-Imperialist League has addressed Governor-General Harrison of the Philippines as follows:

We have only refrained from writing to you before because of the fact that our organization (however unjustly) is branded as political, while your high office must be beyond even unjust suspicion of partizanship.

But as citizens of the United States, we feel that we are at liberty to express the opinions of a large group of like-minded persons who have admiringly appreciated the success of your difficult and responsible administration of Philippine affairs. We know something of the complicated nature of the situation: the opposition of these interests which were counting upon the drift toward permanent colonialism as a guaranty of their investments or their business operations; the bureaucracy which had grown to be such a dangerous and powerful element; the American press in the islands hostile and bitter enemy of every concession made to the Filipinos; the powerful missionary influence exerted to prevent interference with proselytism in a Roman Catholic country; and the natural jealousies and discordancies (though so wonderfully insignificant) among the Filipinos. Back of all we recognize the temporary annoyance caused by the malevolence of a portion of the American press, directly or indirectly subsidized by large financial interests, eager to disseminate and to magnify every element of doubt or uncertainty in the progress towards the promised Philippine independence.

You have conducted your high office, however, with calmness and dignity, but with an inflexible purpose to carry out the instructions of the Executive, while the succession of events has entirely justified your action and contradicted calumnies set afloat even before they had time to receive currency. We believe that with us you are looking towards the legislative promotion of the course being pursued towards the Philippine Islands, which is soon to follow.

We are confident that you have engraved your name deeply upon the hearts of the Filipinos and that it will be preserved as that of him who has done the largest practical part in carrying on to its fulfillment one of the greatest acts of national atonement and restitution recorded in history.

(Signed)

ERVING WINSLOW, Secretary.

[See vol. xvi., p. 825, 1061.]



Congressional Doings.

Senator Jones of Washington on March 18 denounced repeal of exemption of American coast-wise vessels from Panama tolls. He said that President Wilson had urged this policy after a conference with the British ambassador, and that it was the price to be paid by the United States for non-interference by foreign powers in Mexico,