

An Economic Fallacy Exploded

just the same as we have. And it is an accepted doctrine that no armistice can be concerted with rebels.

The assurance asked of my government that it should promptly convene to free elections is the most evident proof and the most unequivocal concession that the government of the United States considers it legally and solidly constituted and that it is exercising, like all those of its class, acts of such importance as to indicate the perfect civil operation of a sovereign nation. Inasmuch as our laws already provide such assurance, there is no fear that the latter may not be observed during the coming elections, and while the present government is of a provisional character it will cede its place to the definite government which may be elected by the people.

The request that General Victoriano Huerto should agree not to appear as a candidate for the presidency of the republic in the coming elections can not be taken into consideration, because, aside from its strange and unwarranted character, there is a risk that the same might be interpreted as a matter of personal dislike. This point can only be decided by Mexican public opinion when it may be expressed at the polls.

The pledge that all parties should agree beforehand to the results of the election and to co-operate in the most loyal manner to support and organize the new administration is something to be tacitly supposed and desired, and that the experience of what this internal strife means to us in loss of life and the destruction of property will cause all contending political factions to abide by the results; but it would be extemporaneous to make any assertion in this respect, even by the most experienced countries in civil matters, inasmuch as no one can forecast or foresee the errors and excesses which men are likely to commit, especially under the influence of political passion. We hasten to signify our appreciation to the United States of America because they agree from today to recognize and aid the future which we, the Mexican people, may elect to rule our destinies. On the other hand, we greatly deplore the present tension in our relations with your country, a tension which has been produced without Mexico having afforded the slightest cause therefor. The legality of the government of General Huerto can not be disputed. Article 85 of our political constitution provides:

"If at the beginning of a constitutional term neither the president nor the vice president elected present themselves, or if the election had not been held and the results thereof declared by the 1st of December, nevertheless, the president whose term has expired will cease in his functions, and the secretary for foreign affairs shall immediately take charge of the executive power in the capacity of provisional president; and if there should be no secretary for foreign affairs, or if he should be incapacitated, the presidency shall devolve on one of the other secretaries pursuant to the order provided by the law establishing their number. The same procedure shall be followed when, in the case of the absolute or temporary absence of the president the vice president fails to appear, when on leave of absence from his post if he should be discharging his duties, and when in the course of his term the absolute absence of both functionaries should occur."

Now, then, the facts which occurred are the following: The resignation of Francisco I. Madero, constitutional president, and Jose Maria Pino Suarez, constitutional vice president of the republic. These resignations having been accepted, Pedro Lascurain, minister for foreign affairs, took charge by operation of law of the vacant executive power, appointing, as he had the power to do, General Victoriano Huerto to the post of minister of the interior. As Mr. Lascurain soon afterwards resigned, and as his resignation was immediately accepted by congress, General Victoriano Huerto took charge of the executive power, also by operation of law, with the provisional character and under the constitutional promise already complied with to issue a call for special elections. As will be seen, the point of issue is exclusively one of constitutional law in which no foreign nation, no matter how powerful and respectable it may be, should mediate in the least.

Moreover, my government considers that at the present time the recognition of the government of General Huerto by that of the United States of America is not concerned inasmuch as facts which exist on their own account are not and can not be susceptible of recognition. The only thing which is being discussed is a suspension of relations as abnormal and without

With the enactment of the new tariff law, the country will witness the passing of an economic fallacy which has for a long time done duty in behalf of favor-seeking corporations.

In the beginning, protection to infant industries was advocated as a means of giving variety to our manufactures; its advocates at that time never thought of defending it as a permanent institution. When the infants reached lusty maturity and still clamored for public assistance, the champions of protection advanced to new ground and began to insist upon a permanent tariff wall on the ground that production here is now, and must be for the future, more expensive than abroad, although they have steadily refused to investigate the difference in cost.

It would seem difficult to conceive of a more easily exploded fallacy than that which underlies the present claims of the protectionists, and yet many honest and sincere citizens have supported this doctrine in spite of the fact that every industry which does not pay must be carried upon the shoulders of those which do pay.

Every industry in this country which can not stand alone must, of necessity, be a burden upon the industries that can stand alone, and this is not only an injustice to those industries upon which the load is placed, but an actual subtraction from the value of the total product. To illustrate: If there are ten enterprises in a community, each one self-supporting, the total value of the community's product will be the sum of the products of the ten factories, and the total profit will be the sum of the profit of the ten. If, however, only nine of the industries are self-supporting and the tenth can live only by enforced contributions from the other nine, the total profit of the community is the profit of the nine LESS THE CONTRIBUTION MADE TO THE TENTH.

No one has been more successful in casting ridicule upon the economic theory underlying protection than the French economist Bastiet. He uses three illustrations which have been quoted all over the world by those who have had to meet the economic fallacies upon which the case of protection rests. Refuting the conten-

tion that a nation is justified in buying at home at a high price that which it can purchase abroad at a low price, he supposes the following case: Two men are alone on an island and are making a canoe out of a log. Some boards float up to the shore, and one of the men says: "Let us make our canoe out of these boards. It will save labor." The other replies, "No, if we use the boards, what will we do with the labor that we are now putting into the log?" And, again, he supposes that two men are supplying themselves with food and fruit by their own effort, spending four hours in the morning catching game and four hours in the afternoon gathering fruit. A man comes from another island where they have a great deal of game but no fruit and proposes to furnish them all the game they can catch in four hours for the fruit that they can gather in two hours. One of the men says, "Let us do it, we will save two hours." The other replies, "No, we would lose the two hours." The third illustration puts the manufacturers of candles in the position of petitioning to the government to exclude the light of the sun on the ground that it costs the sun nothing to produce light and that they therefore can not compete with its rays. They contend that they are thus deprived of the benefits they would derive from the larger demand for candles—society, they claim, is injured by the freely furnished light of the orb of day.

reason, abnormal, because the ambassador of the United States of America, in his high diplomatic investiture and appearing as dean of the foreign diplomatic corps accredited to the government of the republic, congratulated General Huerto upon his elevation to the presidency, continued to correspond with this department by means of diplomatic notes, and on his departure left the first secretary of the embassy of the United States of America as charge d'affaires ad interim, and the latter continues here in the free exercise of his functions; and, without reason, because, I repeat, we have not given the slightest pretext.

The confidential agent may believe that solely because of the sincere esteem in which the people and the government of the United States of America are held by the people and government of Mexico, and because of the consideration which it has for all friendly nations (and especially in this case for those which have offered their good offices), my government consented to take into consideration, and to answer as briefly as the matter permits, the representations of which you are the bearer. Otherwise, it would have rejected them immediately because of their humiliating and unusual character, hardly admissible even in a treaty of peace after a victory, inasmuch as in a like case any nation which in the least respects itself would do likewise. It is because my government has confidence in that when the justice of its cause is reconsidered with serenity and from a lofty point of view by the present president of the United States of America, whose sense of morality and uprightness are beyond question, that he will withdraw from his attitude and will contribute to the renewal of still firmer bases for the relations of sincere friendship and good understanding forcibly imposed upon us throughout the centuries by our geographical nearness, something which neither of us can change, even though we would so desire, by our mutual interests and by our share of activity in the common sense of prosperity, welfare, and culture, in regard to which we are pleased to acknowledge that you are enviably ahead of us.

Of course Bastiet's position is indignantly rejected by the protectionists as theoretical, and yet even the beneficiaries of protection must have a theory, however unsound the theory is. Their theory is that if the people will give the protected interests the money to buy with, they will use the money to purchase the products of those who furnish the money. This is the home market idea; but what advantage is there in having people buy your product if you, yourself, have to supply the money which is to be paid back to you?

But the day of delusion is passing and the people are soon to learn how expensive has been the deception practiced upon the public by those who have secured privileges and favors from the government.

W. J. BRYAN.

With reference to the final part of the instructions of President Wilson, which I beg to include herewith and which say, "If Mexico can suggest any better way in which to show our friendship, serve the people of Mexico, and meet our international obligations, we are more than willing to consider the suggestion," that final part causes me to propose the following equally decorous arrangement: One, that our ambassador be received in Washington; two, that the United States of America send us a new ambassador without previous conditions.

And all this threatening and distressing situation will have reached a happy conclusion; mention will not be made of the causes which might carry us, if the tension persists, to no one knows what incalculable extremities for two peoples who have the unavoidable obligation to continue being friends, provided, of course, that this friendship is based upon mutual respect, which is indispensable between two sovereign entities wholly equal before law and justice.

In conclusion, permit me, Mr. Confidential Agent, to reiterate to you the assurances of my perfect consideration.

F. GAMBOA,

Secretary for Foreign Affairs of the Republic.

A GOOD WORD

Editor of The Commoner: Enclosed find my check for \$1 subscription for The Commoner. I received my first issue of the monthly. It certainly is a great comfort to have the privilege of reading such a splendid paper. To say that I am delighted with it is putting it mildly. Let the good work go on; truth will out; right will prevail; The Commoner is one of the white-winged messengers that will tell the truth and tell it straight. Wishing the paper success, I am, yours most respectfully,

B. F. SHIELDS.

Seattle, Wash., Aug. 22, 1913.

The country will have to be shown why progressive republicans in the senate, after arguing in favor of higher rates on incomes, went backwards and rejected a 7 per cent income tax rather than repeal the extortionate tariff rates of the Payne-Aldrich law.