

manded, not only against independence but even against an autonomy that might endanger titles to American monopolies in the islands.

True words were those of a New Jersey vice chancellor in a speech at the State Bar association at Atlantic City on the 17th. "The world is living," he said, "in a state of international lynch law, where might makes right and where the biggest army and the biggest guns rule." International law has gone out of fashion and national hold-ups have taken its place. Chancellor Stevenson honors the thing too much when he calls it lynch law; for lynch law is a crude method of doing justice, whereas this thing is undisguised freebooting.

But this lynch-law state, as Chancellor Stevenson stigmatizes it, is not international alone. It is rapidly becoming domestic. When our plutocracy threw democratic principles to the winds in order to play at empire in the Philippines, they opened the way to playing at empire in Colorado, and the game there is going merrily on. The owners of the Colorado mines own the State (p. 163), and free speech, free press, private property and personal liberty are no longer secure without a certificate from the mine-owners' union. Even Denver papers have had warnings. Under the influence and coercion of the mine-owners' organization, Senator Patterson's papers, the Times and the News, are facing an advertisers' boycott for having opposed gubernatorial and military lynch law. Fortunately, Patterson is not disposed to yield the freedom of the press, and a fight is being waged by him in his papers which may prove to be a tocsin of revolt against government by and for monopoly corporations.

If it be true that bloodhounds, when put on the trail of the miscreant who caused the dynamite explosion in Cripple Creek, Colo., by which a dozen non-union miners

lost their lives, followed the trail to the houses of watchmen for the mine-owners, then W. J. Ghent ought to change the title of his Independent article from: "The Next Step: A Benevolent Feudalism," to: "The Present Step: A Benevolent Assimilation, a la Filipino," and alter the text accordingly.

"WORTHY OF SOME CONSIDERATION."

The following editorial observations of the Iron Trade Review of May 26, 1904, are peculiarly worthy of consideration at this time:

The advisability of protecting prices in all possible advances would be more easily defended were it the fact that such high prices are maintainable over long periods, so that the consumptive trade could be adjusted to the conditions. This is not the case. Every great upward or downward swing in iron and steel prices leaves many manufacturing consumers with enormous losses because they have been unable to keep their purchases and sales in parallel grooves. Finished iron and steel products are in general but the raw material of other manufacturing processes, and those who are engaged in such later manufacturing operations have some grounds for the complaints they sometimes diffidently make, that protection to the producers of rolled iron and steel and less finished products actually works out, in periods of price inflation, as an absolute and artificially produced injury to themselves. That the trades which consume such iron and steel products are worthy of some consideration can be seen by comparing the value of goods containing iron and steel in the form in which it finally wears out with the value of such iron and steel in the form in which it leaves the iron industry proper.

It may be noticed that the writer of the foregoing quotation draws the line of economic class division between those who own the sources of raw materials and those who use them in making finished goods. That he does not consider the interests of those who "wear out" the goods is manifest, for he says that: "The advisability of protecting prices in all possible advances would be more easily defended were it the fact that such high prices are maintainable over long periods, so that the consump-

tive trade could be adjusted to the conditions." No objection whatever to the monopolist of raw material—the natural source of supply—being "protected in all possible advances" of price, if by any means "such high prices" could be "maintained over long periods," so as to enable the "manufacturing consumers" to adjust their "purchases and sales to parallel grooves." But there's a screw loose somewhere with the deplorable result that many manufacturing consumers are subjected to "enormous losses," both going and coming.

Surprising, isn't it?

But let us have patience; The "historical school" of economists will possibly hazard a surmise as to the (under some imaginable circumstances) hypothetical cause of the phenomenon some time within the next few thousand years. It is never wise, you know, to "jump to conclusions."

True, a casual observer might imagine that the "iron industry proper," i. e., that branch of industry that mines, smelts and shapes raw materials for the manufacturing consumers, enjoys an enormous advantage in the monopoly of the sources of supply. A man unacquainted with Comte might speculate somewhat after this fashion:

A few men own all the available mines and all manufacturing consumers must buy of them or quit business. They might buy of Europe but for the fact that the monopolists of the American mines are protected by a tariff as follows:

Pig iron.....	\$4.00
Billets	6.72
Rails	7.84
Structural	11.20
Sheets, gauges 21-25.....	17.92
Sheets, gauges 26-32.....	24.64
Tin plate.....	33.60
Wire, gauges 14-16.....	33.60
Wire rope.....	50.40
Wire nails.....	11.20
Cut nails.....	13.44
Scrap iron and steel.....	4.00

Trade activity, on the upward swing of the industrial pendulum, is so great that the manufacturing consumer does, in spite of this tremendous tariff handicap, buy large quantities from abroad. But the manufacturing consumer has no monopoly. He pays a monopoly price for his raw materials,

and sells his product at a competitive price. The monopolist gets all the benefit of the protective tariff. The manufacturing consumer enjoys no protection whatever in the tariff. He simply collects the amount of the tariff from the purchasing public and hands it over to the monopolist of raw materials.

The tariff on raw materials is added to the price of the home product, and the manufacturing consumer pays the amount in the price of what raw materials he buys, and it goes into the price of his finished product, just as does any other element of cost, the consumer paying the bill.

The manufacturing consumer cannot get any benefit from a tariff on the class of goods that he produces, unless he be protected by some sort of monopoly, as by patent or other special-privilege right. Where competition prevails it will tend as strongly to modify the profit margin on protected goods as on any others.

Competition does not ask what is the cause of a profit margin; it only asks: Where is it? and attacks it at sight, if it exceeds the normal profit mean. Competition never attacks prices—it attacks nothing but the margin of commercial profit. If it be answered that, in times of industrial decline profits disappear and selling price falls below cost, I will answer that is not competition; it is business wreck.

Competition does not attack price; it attacks the profit margin only. He who produces a thing at a lower cost than anybody else, *ceteris paribus*, may defy the competition of the world; unless his selling price is above the cost line of some competitor. If his profit margin be so small as to permit his selling price to fall below the cost line of his competitors, he will have the field to himself; for competition does not pay any attention to price, whether it be on a high or low level, but to profit only.

It is only where domestic competition is eliminated that protective tariffs benefit; and they benefit here only because they eliminate the competition of the foreigner.

I repeat, the tariff does not ben-

efit the American capitalist whose business lies in the competitive field, because home competition will affect the rate of profit in a tariff-protected industry precisely to the extent that it will in a non-protected industry.

It is because of this that "every great upward or downward swing in iron and steel prices leaves many manufacturing consumers with enormous losses because they have been unable to keep their purchases and sales in parallel grooves." They buy in a monopoly market and sell in a competitive market. They are the cat's-paw of the monopolists. Their competition with one another results in enriching, not themselves, nor general society, but the monopolist of raw materials.

Of course they cannot keep their purchases and sales in parallel grooves. Monopoly grooves and competitive grooves run on different angles as a matter of course.

Does the manufacturing consumer imagine that the monopolist of raw materials is in business for the sake of his health?

The monopolist of raw materials does not intend to destroy the manufacturing consumer (though it is within his power to do it at any moment), because that would injure himself. But he does intend to squeeze out of him all that the traffic will bear; and sometimes, being fallible, he squeezes this monopolist too hard, with the result that the "upward or downward swing in iron and steel prices leaves many manufacturing consumers with enormous losses."

The editorial quoted above says:

That the trades which consume such iron and steel products are worthy of some consideration can be seen by comparing the value of goods containing iron and steel in the form in which it finally wears out with the value of such iron and steel in the form in which it leaves the iron industry proper.

This is purely and simply a piteous cry for mercy on behalf of the "trades which consume such iron and steel products"!

To whom is the appeal addressed? Who is it that is thus admonished that "the trades which consume such iron and steel products are worthy of some con-

sideration"? Who else but the monopolists, who hold the price of "iron and steel products"—raw materials to the manufacturing consumer—so high as to absorb all benefit of the protective tariff, and, further, as to leave a pitifully meager commission to the manufacturing consumer for his strenuous efforts in collecting it. In other words, the agent of the monopolist, namely the manufacturing consumer, is pleading for an advance in his wages.

To repeat another part of the quotation at the head of this article:

Finished iron and steel products are in general but the raw material of other manufacturing processes, and those who are engaged in such later manufacturing operations have some grounds for the complaints they sometimes diffidently make, that protection to the producers of rolled iron and steel and less finished products [the Steel Trust] actually works out, in periods of price inflation, as an absolute and artificially produced injury to themselves.

It would seem, then, that the competing manufacturers are beginning to recognize the fact that protection to the products of the steel monopoly is sometimes injurious to themselves. It is to be hoped that, standing upon such vantage ground, slight though it is, their expanded vision will reveal to them the fact that the margin of profit in monopoly is at all times susceptible of sufficient expansion to enable it to absorb the full benefit of all protective tariffs.

A "protective" tariff enables monopoly to add the amount of the tariff to the price of its product, because that product can be procured only from the domestic monopoly or from his foreign competitor. The alternative of the buyer is to pay the foreigner's price, plus the tariff, or to buy from the monopoly at a price equal to the foreigner's price, plus the tariff. And no matter which he buys from, the whole of the price paid is an element of cost, pure and simple; and the margin of profit to the manufacturing consumer will be determined by the greater or less intensity of competition in the subsequent manipulation of the materials. And as this competition does not relate to price levels, but to profit margins.

its tendency is to reduce all profit to a common level, without the remotest reference to the character of the various elements of cost.

The monopolist adds the amount of the tariff to the price of his product, thus augmenting cost to the manufacturing consumer and correspondingly curtailing the purchasing power of the final purchaser—the public.

The tariff benefits the monopolist because it harms everybody else, including the "manufacturing consumer."

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EDITORIAL CORRESPONDENCE.

PITTSBURG.

Pittsburg, Pa., June 19.—During tax assessment time this year the Pittsburg newspapers gave considerable space to the protests made by representatives of corporations whose holdings in franchises, such as the lighting companies, telephone companies, and others, have been subjected to a higher valuation for taxation. The demurrers of the corporations' legal representatives afforded a fine exhibition of squirming and word jugglery, and gave a new significance to the saying that language was invented to conceal thought. Over in Washington county, where many thousands of acres of coal lands are held out of use, the tax commissioners disturbed the serenity of the holders by raising the assessment on these idle acres to the same rate paid on operated land. Nearly all of the Washington county coal land is owned by Pittsburg capitalists, and in this city early in April the county tax commissioners gave a hearing to the attorneys of the different companies. The briefs of the lawyers showed how humorists had mistaken a calling and unwisely entered an already crowded profession.

A summary of all the arguments against the levy is that these thousands of back-lying acres, being far removed from the lines of transportation, and under ordinary conditions of supply and demand would not, for 10 or 15 years, come within the productive zone, the injustice of the new valuation would at once appeal to the honorable commissioners. With indignation running riot, the legal men told the commissioners that more clearly would be understood the real outrage of such an inequitable levy when they were informed that these lands "held in reserve" had been purchased at prices less than one-fourth paid for lands operated, and when one alert commissioner inquired why so much land was held "in reserve," he was told there

was no necessity for its being opened and made productive! The commissioners were really alarmed, it is believed, when they were informed that the imposition of this new tax meant the closing up of mines, throwing thousands of men out of employment, and the paralysis of Washington county's prosperity, and, further, that negotiations now pending for the purchase of several thousand more acres (also to be held in reserve) would be abandoned. As a final appeal, the legal humorists recited the injustice which would be done to a large number of "poor farmers" who were holding their coal land, and who would to a large degree be most sorely oppressed by the proposed tax. Widows and orphans and the poor farmer is the large shield in the armory of monopoly.

Apropos of Pittsburg's social condition, a circular letter issued to club women of this city and Allegheny City by the "Permanent Civic Committee of Women's Clubs of Western Pennsylvania," is certainly not optimistic, and not in accord with Congressman Olmstead, he who recently said on the floor of the House of Representatives, while the Quay collar rested heavily upon him, that there was not an able-bodied man in the State of Pennsylvania that could not command a wage of two dollars a day. The circular letter, in part, is as follows:

In every great city there is, of necessity, a large class of poor people, who live in filth and squalor, under most wretched conditions that are demoralizing alike to body and soul; conditions that affect not only those immediately surrounded thereby, but, to a lesser degree, but none the less surely, the whole community. In that amid such surroundings are generated contagious diseases that spread throughout the whole city, and among such people are found the bulk of our criminal classes. Pittsburg, being the great industrial center that she is, attracting to her doors day by day thousands of the lowest of foreigners, is necessarily the possessor of greater numbers of these poor and ignorant classes, of wider areas of filth, noisome plague spots, than most any other city in our country, and yet she has done less towards the correcting of such evils than almost any other city of her size in the land.

The well meaning women composing the organization with the high-sounding name believe that the only means of lifting up these "lowest of foreigners," is by means of personal cleanliness, and an appeal is made to the public for \$100,000 with which to build and equip public baths. It is presumed that these women have noticed that, according to the newspapers, 5,000 of "these poor and ignorant classes" from beyond the sea have but recently arrived and taken up their residence in this district.

In one of my former letters brief mention was made of the little regard in which human life is held in this district. The growth of crime in these

valleys (and crime and vice is rampant throughout the commonwealth) has simply appalled the authorities of Allegheny county. It is seldom that from the pulpit comes a warning voice, and because it is exceptional the following extract from a recent Sunday sermon, delivered by a leading clergyman, is noteworthy, for it was entirely devoted to the subject of "Why Pittsburg is Filled with Violence." Prefacing his discourse with the statement that "if our good people should get all the facts as to the evils that abound in Pittsburg they would be horrified beyond expression," the speaker continued:

Our laws for the suppression of crime are disregarded and the police act more as if they were heathen gods than men, for they have eyes and see not, and ears have they, but they hear not. The Lord's day is turned into a day of traffic and carousing. The saloon, that hotbed of every kind of vice and crime, is compromised with for a certain sum of money, and we compound with felony. As we sow, so shall we reap! It is amazing the indifference that prevails. Our boys and girls are regaled with the vilest of police publications and we wonder that they take to evil. Surely, there ought to be a decent effort, at least, to enforce good laws, if we have regard for the future of our city. I do not know that the situation here is worse than in other great centers of population, but it is frightful in the extreme. The record in this county since the beginning of 1904 is 11 murders in 15 weeks; 286 met deaths by violence, while the assaults and crimes in various forms would almost fill a volume. No amount of explaining will change the fact that a dreadful condition of society exists, and demands the attention of all serious people.

That's Pittsburg, a city where more beer and whisky are consumed in a year than in any other city in the world, excepting none. And it is in this same city, too, where Mr. Carnegie has established the headquarters of the commission which shall dribble out a pitiful dole of dollars and award trinkets in the name of athletic heroism. Out in Homestead is an army of heroes daily giving up their lives in sweat and blood, to make possible the payment of interest on Mr. Carnegie's bonds.

For some weeks a reign of terror existed at Garrett, a little mining town in Somerset county, this State. Outrages upon human rights were being perpetrated and the laws were temporarily prostrate. The idea of the authorities appears to have been to let the parties to the conflict fight it out between themselves, subject to subsequent responsibility for their acts. There was an armed force guarding the mines and an armed mob on the outside threatening attack. The army of invasion was reported to be in possession of the town, and men armed with rifles and shotguns were patrolling the streets. In the mining regions of this State this condition of affairs has become chronic. The only special feature of the Garrett insurrection, which for the hour attracted gen-