

clusion. By many of those who know him he is regarded as a sincere and veracious man, whose methods of economic reasoning, like those of the once famous Joseph Cook in another department of thought, are well adapted to the rational undoing of listeners unaccustomed to dissecting logical fallacies. It is only fair to say, however, that other good authority is not so favorable to Prof. Gunton. He is believed to be working in the interests of the Standard Oil trust, and there are certainly no surface indications to the contrary. Of his qualities as an economist, Prof. Commons might speak with effect, as he has done at least once. For ourselves, we venture nothing beyond the assertion that Gunton is no fool.

#### COMPETITION AND ECONOMIC SCIENCE.

Several months ago President Hadley, of Yale college, stimulated the hilarity of the irreverent with a solemn proposition to abolish trusts by socially ostracizing their greedy beneficiaries. Since then he has on every favorable occasion burnished up this serio-comic suggestion with scholarly elaboration. His latest effort was made in an address on true citizenship, at the charter day exercises of the University of California, at Berkeley. Doubtless Mr. Hadley said many useful things with reference to citizenship on that occasion. He is capable of it. But so much of his speech as has reached the Chicago papers is in the main a rare specimen of scholarly moonshine.

Upon his reported test of a gentleman, we are not disposed to indulge in extended comment. It is somewhat worse than absurd on its face. Readiness to subordinate one's "own convenience and desires to a social code," be the code "a good one or a bad one," hardly indicates anything better, as "the essential mark of a gentleman," than "accident of birth and clothes, of manners and of speech," from which Mr. Hadley distinguishes it. We should suppose that rational sensitiveness to others' rights might be regarded as a fair test of the gentleman. With this suggestion, however, we forbear further

criticism. It is quite possible that Mr. Hadley gave an explanation and a setting to his test, omitted by the reporters, which might make it worthy of favorable consideration.

But another of his points is stated fully enough and clearly enough to leave no room for doubt as to what he meant. It had reference to the trust question, and was calculated to depreciate the value, as a social force, of competition.

Mr. Hadley led up to this point with what purported to be an analysis of the principles of democratic government. "There are two theories," he said, "the individualistic, which relies on the self-interest of the various citizens acting independently, and the socialistic, which relies mainly on the votes of those citizens acting in a body." Neither had, in his opinion, proved wholly satisfactory. As to the individualistic theory, he remarked that this is now admitted. Though self-interest in competition—the social impulse under that theory—is a powerful stimulant for good, he continued, "neither in economics nor morals is it that panacea for social ills which so many persons two generations ago thought it to be." While "free competition," true enough, "was far better than the old systems of class legislation which it superseded," "we cannot have free competition everywhere, nor is it certain that in those cases where we can have it it produces so great a degree of justice as was once supposed." This conclusion naturally suggested the demand by "the socialists, and many who are not socialists," that business be conducted by government; and, quite as naturally, that demand in turn made Mr. Hadley shy off like a timid horse. Very dubiously did he now inquire whether a democratic government can cope with the problems which the failure of competition has thrust upon us. Without stopping to follow him there, let us consider the vitally important part of Mr. Hadley's speech—his fundamental misconception regarding free competition.

It is not quite fair to Mr. Hadley, perhaps, to call the misconception his. He has doubtless absorbed it

from his authorities. As one of the "scientific" cult in politics and economics, he must have a great deal of confidence in the authority of "scientific" professors and books, and very little recourse to the simple methods of clear thinking. And the notion that free competition has had its day and is destroying itself is, in the estimation of the economic "science" cult, which draws inspiration from the labyrinthine methods of German thought and dominates the modern university, one of the things established.

Why a notion so manifestly false should be regarded as scientific, is itself a problem. It may possibly be explained by the abuse in economics of what is known as the scientific method. Economic scientists are so deeply absorbed in the contemplation of multitudinous and multifarious minor data that they give but scant attention to familiar and simple major data; and in their perspiring efforts to accomplish a monstrous and impossible task in synthesis, they neglect logical analysis altogether. Overtraining seems to have undone them. It is known to have that effect upon the body; why not upon the mind?

But whatever the explanation of this "scientific" absurdity may be, the proposition that competition has had its day and is destroying itself is false in both its branches. It is false in its assumption that there has been an era of free competition within historic times; and it is false in its theory that competition is now being destroyed by competition.

What everybody means by free competition is free bargaining.

This is not to say that the term is never used so as to include more than that idea. Unhappily it is so used altogether too often. But as it always does include that idea, it cannot comprehend another and discordant idea without carrying a double meaning. Anyone has a right, of course, to use words with double meanings; but persons who do so are necessarily ruled out of the ring of sane and serious discussion, even though they be "scientific" economic teachers. No degree of liberty in the choice of words, nor any extent or antiquity of verbal usage, will justify in scientific

discussion or investigation the ascription of discordant meanings to an essential term. Inasmuch, then, as free competition always does comprehend the idea of free bargaining, and cannot, therefore, be legitimately used for economic inquiry as including any idea inconsistent with that one, we are fully warranted in saying that free bargaining is in simple speech synonymous with free competition.

Divested thus of the conflicting and confusing meanings of unscientific usage, competition is instantly recognized as the name of a principle of social or industrial life which has never been given full play. Though it has approximated freedom at times on the frontiers of civilization, and within the narrow boundaries of those primitive communities has worked well both in economics and morals, there is no record that the civilized world, considered as one community, or even any nation so considered, has ever had an opportunity to test it. For monopoly in some form has always characterized our civilization; and when and where there is monopoly, and to the degree that there is monopoly, then and there and to that degree competition, or free bargaining, is impossible.

Where slavery is, competition is restricted; the slave cannot make free bargains. Where private corporations control the highways of commerce, competition is restricted; producers and consumers cannot make their reciprocal trades without paying tribute, and tribute is inconsistent with free bargaining. Where protective tariffs prevail, free bargaining is prevented, not only obviously, but with deliberate intent. Where revenue tariffs and taxes are imposed upon producers and consumers, as such, free bargaining is obstructed. Where mines, and oil wells, and salt deposits, and forests, and rights of highway, and terminal points, and farming places conveniently located, and city building lots, and water power, and all the innumerable provisions which Nature has made for human use—where these are monopolized, free bargaining is nothing but a free farce. There cannot be free bargaining when one of the bargainers in a trade has a legal or institutional advantage.

It is true that in more modern times monopolies themselves have been made subjects of free competition. We have free trade even in that greatest and most fundamental monopoly, the monopoly of the earth. But this does not alter the question. If monopolies obstruct competition, they will obstruct it none the less from being made subjects of competitive purchase and sale. Though this may operate to shift the monopolists, the monopolies still hold sway; they still abridge the free bargaining, still interfere with the free competition, of all whose transactions come within the influence of their tribute-exacting power. What of it if all are free to bargain for an interest in a railroad right of way or terminal privilege? What of it, if anyone may now have a place upon the earth if he can get it by bargaining? To argue that this is free competition, that this is free bargaining, is like saying that there is no slavery under the American flag in the Sulu islands, because the flag guarantees Sulu slaves the right to buy their freedom at the market price. Freedom to trade one's own labor for a right which in common justice belongs to him without labor—as the right to breathe, the right to be free, the right to work, the right to go to market, the right to a place upon the earth, the right to share in the benefits of common development—is not free bargaining. Such freedom is not free competition.

Now, when, in the history of our civilization, have the obstructions to competition noted above—when have some or all of those monopolies, with their complex variations, not been in vogue? We have had them always with us. One of them, the monopoly of the earth, is a hoary institution which has followed the development of our civilization and soaked up like a sponge the benefits which a loosening of other trammels upon bargaining has produced. A band of feudal lords, drunken with consciousness of unlimited arbitrary power, could hardly interfere more disastrously with free bargaining between producers and consumers than do the land monopolizers whose hope of profit from commercial growth, as expressed in land values, binds them

unconsciously together in a grand monopolistic conspiracy to compel the masses of men to pay exhaustive tribute.

Yet economic "scientists" teach that free competition has had its day!

Not only have we never had an era of free competition, but such degree of competition as we have had or have now is not being destroyed by competition. That it is being destroyed is quite evident; but competition is not destroying it. What is destroying it is monopoly.

As already indicated, our civilization is impregnated with institutional monopoly. Though its outward form is competition, and more or less freedom of competition has vitalized it, the seeds of the monopoly disease have always been in its system. Under the influence of miraculous progress in the production of wealth, this disease has rapidly gained in strength, and as it has strengthened, the influence of competition has naturally weakened. Only by ignoring the fact of institutional monopoly is it possible to infer with even an approximation to scientific precision that competition is destroying itself. To consider the fact of monopoly, but to regard it as the natural (or must we say "scientific") product of competition, is a little like regarding a pumpkin as the "scientific" product of a grapevine. When of two conflicting forces—and that is what competition and monopoly are—one is subdued by the other, it is not usually considered scientific to conclude that the one has destroyed itself and produced the other. The usual, not to say obvious, conclusion is that the one force has for some reason been overcome by the other. Yet economic "science" encourages the notion not that monopoly is overcoming competition, but that competition is overcoming itself and creating monopoly!

Briefly stated with reference to current problems, the misleading teaching of these "scientists" is that free competition has had a trial in which it has destroyed itself and produced monopoly in the form of trusts. What they would do about this depends upon their respective reformatory tendencies. If they have im-

perialistic tendencies, they are for the trust from start to finish. If their tendencies are socialistic, they advocate the appropriation of trusts by the whole people. If they are like Mr. Hadley, they would punish every trust beneficiary who forgets his obligations of honor to society, and punish him severely by striking him hard with a feather.

Yet, after all, the whole matter is a simple one. A little less minute learning and a little more broad common sense would soon solve the problem of the trusts, which does in fact turn on the question of competition.

Mr. Hadley had hold of the "clew end of the skein," when in his speech at Berkeley he distinguished individualistic from socialistic government. But he held the clew in an unfamiliar and awkward way. The true distinction is not between two kinds of government, but between two kinds of function. There is no such thing as individualistic government, unless in a loosely colloquial or very fanciful sense. But there are individualistic functions. There are also socialistic, or governmental functions. Let these functions be kept distinct in thought and in legislation, and many a perplexing problem will solve itself.

What are governmental or socialistic functions, then, as distinct from individualistic? There should be little difficulty in deciding, if individual freedom is really desired. They can all be summed up in the one word, "monopoly." The management of those things which are monopolies necessarily, is a social function if there is any. Delegate to private management the preservation of the public peace, and you have a destructive monopoly, such as feudalism developed. Turn over the highways to private control, and you have a destructive and multiplying monopoly, such as our corporate railroad system has developed. Make the earth private property, and you have a monopoly to which all others are as pigmies to giants. One of its marked manifestations in our day is a continent fenced in and barely used, with every city and town displaying more valuable vacant lots many times over than valuable buildings, while half the population is landless and the whole of it is

land hungry. Whatever other functions, then, may or may not be socialistic, these certainly are—the regulation of land tenure for the equal good of all, the maintenance of highways for the equal use of all, and the preservation of the peace for the equal safety of all. When those unmistakable social functions shall have been socialized, we shall be able to judge what other functions, if any, belong in the same category. Until then we can only guess.

The object of this socialization is to secure to everybody complete freedom to perform individual functions; to secure to all, in other words, the right of free bargaining, which means the right of free competition. This is the natural, the truly scientific way of escape from the dangers of which trusts are significant. We have but to distinguish the field of competition from the field of monopoly. Many monopolies are created by legislation. Let them be abolished. Many grow out of restrictive laws, such as the tariff statutes. Let restrictive laws be repealed. Some are necessarily monopolies. Let the appropriate government control them for the common good. This done, competition will be free; for then bargaining will be subject to the mutual desires and productive capabilities of bargainers.

## NEWS

Philippine news looms up sensationally again, through the capture of Aguinaldo. This was accomplished by a trick invented and executed by Gen. Funston. Three weeks ago Funston, with four other American officers, set out for Aguinaldo's retreat, which had been revealed by a treacherous Filipino officer. Funston and his companions pretended to be prisoners of war in the custody of a body of Maccabebes (who bear to the Americans in the Philippines similar relations to those of the Indians to the British in the American colonies a century and a quarter ago), and the Maccabebes pretended to be Filipino "friendly," bringing their distinguished American prisoners to headquarters. The ruse succeeded. Access to Aguinaldo's presence was thereby secured, and when this had been done the Maccabebes and their prisoners

seized his person and brought him to Manila. The capture was made near the east coast of Luzon, about 200 miles northeast of Manila, and in the wild and mountainous province of Isabela. Aguinaldo's influence with the Filipino people is conceded by his captors to have been so great that they herald his capture as ending the war and making further enlistments of American troops for the Philippines unnecessary.

There have been during the week reports from Manila of occasional fighting in a small way at widely separated points. Surrenders of Filipinos are also reported. The surrender of a Filipino command at Antique, in the province of Panay, was announced by Gen. MacArthur on the 22d as ending "the insurrection in Panay." The arrest is reported from Manila on the 25th of Jose Lozado and Francisco Revera, prominent members of the Filipino junta at Hong-Kong. General progress is reported in regard to the organization of civil government, and it is semi-officially announced that the military system will be superseded by civil authority by the 30th of June. Five leaders of a secret society—the Mando-Ducat—have been sentenced to be hanged at Calamba on the 5th, another to imprisonment for life, and four others to imprisonment for 20 years, for the alleged murder of the native president of the town of Calamba. On the 27th MacArthur approved these sentences of the military commission.

The British-Russian difficulty at Tientsin, which we reported last week, has been amicably adjusted. Lord Lansdowne announced the agreement on the 21st in the house of lords. He explained that the dispute concerned an extensive area on the left bank of the Peiho river, upon which Russia had entered last fall and which had subsequently been ceded to her by China. As the area comprised property of the Northern Chinese railroad, Great Britain had undertaken to protect the construction of this road within the area in the interest of British owners of the railroad's bonds. Hence the difficulty with Russia. The agreement between Great Britain and Russia, regarding the matter, reserves the question of title and proprietary rights for future examination, Great Britain mean-