

## FIRST THINGS FIRST

Frank W. Garrison

A financial writer on one of our Gargantuan contemporaries has discovered that "the ignorance prevalent everywhere concerning the workings of business, finance and economics, constitutes a national danger that ought to be combated very earnestly" by political, educational and business leaders, in order to prevent the suffering masses from seeking a blind revenge. He has discovered that "there is dire need for intelligent, comprehensive, cooperative effort to spread through the land elementary education in economics, so that, instead of relatively few persons being able to understand why times like the present occur, the great majority of our 107 million people will blame fundamental economic causes rather than the capitalists."

If the daily press were free to undertake a serious discussion of these important matters, much of the prevailing ignorance might be dispelled; but even more could be accomplished if the public would insist upon the right of open controversy. Politicians, teachers and men of affairs are by no means agreed upon fundamental laws ; and if they were, their wisdom would be thrown away upon people who have lost the power to think for themselves. No doubt the press is peculiarly responsible for the present ignorance, for it has applied the principles of monopoly to the presentation of facts, prevented free competition in the exchange of thought, and impoverished the minds of a spiritless public.

The writer above quoted does not venture to express an opinion regarding the nature of fundamental economic laws, but modesty has not prevented us from making attempts at definition, and we have tried to draw an intelligible distinction between the monopolist and the capitalist, between forced competition and the freedom of action which the economists had in mind when they noted the beneficent results of competition in the world of human exertion. These distinctions are lost sight of by writers who are struck by the growth of combinations and trusts, and draw the conclusion that competition is, as one of them puts it, "for ever gone, consigned to the scrap-heap with the stagecoach, the hand loom and the horse-plough."

It would be unwise to accept this prophecy without inquiring whether the elimination of competition has been due to natural or artificial causes; whether it has tended towards a balance of social forces or towards an arrangement that is likely to be upset. When we speak of combinations, we think first of steel, coal, copper, oil, lumber, water-power, all of which, in the language of political economy, are classed as "land." Then comes transportation over the surface of the land, and finally the control of money and credit. The importance of land-monopoly in enterprises requiring large amounts of capital may be judged by the stress laid upon perpetual or long-term franchises; but the point is especially well made in the prospectus of an oil-venture that lies before us, from which we learn that "ownership of the land ... is the key to all oil-profits." It is not only the marketing of oil that attracts investment, but the fact that "by its very discovery it creates far vaster quick property-values than those flowing from the actual production of oil," as the

land for miles around the discovery is at once invested with "tremendous speculative possibilities." The speculation in land-values is the central fact of our economic life, and it is made possible by laws which are common to all civilized countries, but none the less open to criticism. If they are finally declared unjust and mischievous, the validity of existing combinations will be seriously affected; and if the legal privilege of exclusive land-ownership is cancelled, the combinations based on the possession of natural resources can not continue in their present form.

As competition in the use of the earth has been reduced by combination, competition for the opportunity to work has become intensified. But the victims are no more enlightened than their masters. Instead of trying to strike off their chains, they imitate the methods of monopoly and attempt in their turn to limit competition by trade-union regulations. So trust faces trust; neither side in the bitter struggle seeing that mutual service depends upon liberty of action, and that interference with liberty contracts the range of co-operative effort. No one will deny the advantages of combination in securing economies and increasing production, but that these advantages can be enjoyed without recourse to legal privileges is sufficiently indicated by the achievements of cooperative enterprise. Nor are they possible under the monopoly system without serious attendant evils—gluts and famines, waste and high living-costs, to say nothing of the corrupt practices revealed by the Lockwood inquiry. Even the apologists of the trusts are shocked at the spectacle of food being deliberately destroyed because it can not be profitably marketed, or because of desire to keep up prices; and they offer regulation as the necessary counterpoise. So there is no end to the multiplication of laws. We first grant a private monopoly in the necessities of life, and having surrendered the responsibilities of free men, we call in the Government to protect us from the results of our own folly. But the bodies appointed to neutralize the effects of monopoly always fail, because, being human, they are liable to be influenced by the powerful forces they seek to control; and not being omniscient, they can not know what is fair as between the intricate conflicting interests.

When the economists declared that competition was the life of trade, and was competent to determine prices with substantial justice, they were thinking of a world in which the individuals were free to act in their proper interests. They may not have understood the full meaning of freedom, but they saw that no one in the absence of compulsion need accept an unfavourable bargain; and it has yet to be shown that competition among free men will not do all that was claimed for it, however baneful it may be when unnaturally forced. Labour-unrest, race-hatred and wars are but part of the price exacted by monopoly, by the attempt to circumvent nature's impartiality. The repeal of restrictive laws would give full play to co-operation and would remove the fear of competition in a closed market. Employers' associations and labour-unions would no longer serve anybody's interest, racial animosity would lose its chief stimulus, and a basis would be laid for peaceful diplomacy.

Indeed it is idle to hope for genuine disarmament until this time arrives, and therefore one is pained to see the false hopes aroused by altruistic demonstrations

that are so sure to lead to disappointment and discouragement as long as valid cause for conflict remains. Glad as we are to note the enthusiasm for international rapprochement, we can not shut our eyes to the fact that under cover of this emotional display, the privileged interests can the more easily stake out their claims, the bankers spread their nets, and the Governments which they control raise barriers to be battered down eventually by guns—all to the profit of the steel-trust, the powder-trust and their sister combinations. If the amount of energy now being expended on disarmament could be used to uncover and exhibit the legal privileges which create discord, we might hope for the beginning of a new era of prosperity and amity. F. W. G. 20. vii. 21. Frank W. Garrison