Plutocracy's Preachers Imitate Bigelow.

If imitation is indeed the sincerest form of compliment, then has Herbert S. Bigelow been paid a compliment unstinted in its measure of fullness. His Peoples' Church meeting in the Cincinnati Grand Orepa House is being copied by the Young Men's Christian Association. Some years ago the old Vine Street Congregational Church sold its building in Cincinnati and, pending the finding of an acceptable location has been holding meetings under its new name of the Peoples' Church in the Grand Opera House Sunday afternoons. For this he was assailed in the press and the pulpit. It was said to be the limit of unGodliness that even a Bigelow was not expected to go. It was socialistic, anarchistic, blasphemous, sacrilegious. It was doomed to failure. It would feel the rod. Nothing so sinful could survive. That was certain. A church in a theater!

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But it did survive. It did more, it increased and multiplied its audience. Confusion! Bigelow preached as he had preached a new type of sermon. For instance, he made a twentieth century application of the parable of the Good Samaritan. The three thieves were various brands of Privilege. Dismay! It must be counteracted. But how? The Y. M. C. A. has a fine auditorium in its building, known as Sinton Hall. It was adequate to hold audiences as large as the Grand Opera House. But did they use it? They did not. Why not? It was not on a main thoroughfare, it was too far away from Bigelow. So this conservative, this endowed, this Christian institution, the Y. M. C. A., rented a theater, the Lyric Theater, exactly opposite the Grand Opera House, and two weeks ago began holding meetings on Sunday afternoon, on the Lord's day. Yes, they are in an unGodly theater on the Sabbath, the Christian Sabbath. Who did they get to speak? Debs? Some modern Bob Ingersoll? Bless you, no! They got a Christian minister, the Rev. Charles Frederick Goss. Surely he is at least a Unitarian? Wrong again. Dr. Goss is a member of the most rigid denomination of Protestants, the Presbyterian. Did he open with a sermon on the intermediate state of the dead? Not he. He spoke on "Joseph Heberle." Heberle was a workingman who advocated free text books and better shop conditions, a union man.

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Why did he select that subject or rather why was it selected for him? To catch the workingmen who have been crowding the Grand Opera House to hear that terrible Bigelow. Laudable enterprise. Anything sacrilegious about it? Not now. Is it cutting into Bigelow? It is not. It is advertising Bigelow. The American people have that saving grace, a sense of humor. They are laughing at the millionaires who are backing the Lyric theater meetings. Is Dr. Goss in on the deal? It is hard to believe he is, consciously. He is a highly respectable, learned, amiable gentleman who has devoted much time to approved reforms. This is the greatest thing he has done, proven that a Christian institution can hold a service in a theater on a Sunday afternoon. He has vindicated Bigelow. DANIEL KIEFER.

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NATURAL LAW IN THE ECONOMIC WORLD.

Part Two.

The chief economic forces we are to consider briefly in this article are Competition and its opposites, Co-operation and Combination. In the popular mind the latter word carries with it an almost malevolent signification. This is unfortunate for the purposes of clear thinking since Co-operation and Combination mean much the same. The second indeed is but a more intense form of the first—is Co-operation perfected. With the introduction of modern machinery, steam and electricity, have come the mammoth industrial trust and business corporation. To some degree these are linked in popular apprehension as cause and effect. In this public opinion is essentially in error.

Doubtless the time has gone by when individual and isolated industry may be successfully carried on. To this later phase of industrial development machinery, steam and electricity have contributed, but that is a very different thing from saying that the baneful powers wielded by these industrial combinations are due to these inventions. If this is what Mr. Samuel Gompers meant when he said, "The trust is, economically speaking, the logical and inevitable development of our industrial system," he was talking as the Socialists talk, with as little faith in economic laws.

But, as we have intimated, Mr. Gompers' opinion is the popular one, and it is a view that has perverted most of the discussion on the vexed problem of industrial combinations. We shall see if we carefully examine the phenomena of trust formation how fallacious is the view so commonly held.

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Combinations, both as to number and character,

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owe their existence to conditions, either natural or artificial. If to natural conditions then to attempt to interfere with them is to violate natural law—with the resultant consequences; if to artificial conditions, then the removal of such aid as they derive from legislation must restore them to their natural state. The point now to be made is that most of these great combinations are products of an unnatural condition, and derive their real powers from tariff and taxation laws; are based on private control of the steam highways or the monopoly of natural resources—in other words, on special privilege created by law. The fate of combinations not so created or assisted is interesting reading. Among these are the Copper Trust, the Wall Paper Trust, the Cordage Trust and many others. Some of these were incidentally aided by legislation and even with this advantage were not powerful enough to overcome the forces of competition.

The unreflecting are appalled by the extent to which great numbers of industries have been brought under the control of corporations of enormous capitalization. They do not stop to consider how tenuous in many instances are the terms of their existence, even with the legal—often confused with natural—advantages now possessed, and how easily they may be reduced from their artificial to their natural elements. Over one-half of the capitalization of the Steel Corporation, for example, is based on values that are speculative. Sixty thousand acres of coking coal land in the Connellsville region, which Mr. Charles Schwab estimated as worth $60,000 an acre, are part of its control of natural resources. Besides this are its ore beds and other lands of immense value, and these united with the advantages given it by the tariff, make the United States Steel Corporation well-nigh invincible. Certainly then the power of this combination rests upon privileges which exist with the popular consent. If then its control of steel production and distribution is due in any measure to tariff or railroad monopoly or other privilege created by law, a speedy readjustment of the relations of competition to the steel industry may be confidently anticipated at the hands of an increasingly intelligent number of voters.

Lists of "trustified" articles have been printed from time to time which include nearly everything consumed, and these have occasioned more or less unreflecting considerations. In a list of trusts and combinations published by Byron W. Holt in 1899 are 120 corporations, the capitalization of none of which at that time was less than ten million dollars. This is indicative of huge business operations but not of necessarily monopolistic conditions. Much larger and more appalling lists have been printed from time to time. It would be interesting to trace the mutations of these corporations included in Mr. Holt's list printed in 1899 to the present time. How many have dissolved through insufficient privilege? How many have survived by reason of efficiency secured by combination *per se*? How many have been swallowed up by others of greater endowed privilege? In short, what relation is borne by the strength of combination *per se* and combination plus privilege—stating extent and nature of the latter—to that proportion of these 120 corporations that have ceased to exist and those that survive?

The size of an industrial combination is no guaranty of its stability, no element of strength but rather of weakness, the reasons for which might be shown did space permit. And this in spite of the fact that it is the large combinations that survive and seem to grow in strength and influence. But if such combinations in growing gather to themselves additional elements of and vantage grounds of privilege, these serve of themselves to explain their size and stability. But stability in no wise proceeds from size, nor yet from the greater number and variety of elements that compose it.

Nor is the industrial efficiency of combination increased by its artificial privileges. Its power to survive competition, as also its power to raise prices, is increased, but the very absence of the spur of competition now introduces an element of disintegration. The debilitating influence of subsidies has been recognized by most thoughtful students of industrial history. A like influence accompanies the endowment of legal or artificial privilege. To the degree that such privileges are not exceptional but institutional, permeating all or nearly all industrial activity, the productive energies of a whole people will become similiarly influenced, and the character of their industrial products will not escape deterioration. Is not this what we see in the United States?

It will be instructive to consider the relations of the subject we are attempting to treat to the only specific statute law that is intended to deal with combinations that exist nationally—such combinations as do an interstate business. The Sherman Act has recently been subject to a judi-

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cial interpretation. A doctrine of "reasonable" restraint of trade has been read into it. To this the late Justice Harlan has taken exception that the decision is "judicial legislation," though he declares it "obiter dictum," and thus not possessing the character of law. The Hon. James M. Beck, an eminent legal authority, in a few incisive utterances declares the Act "insusceptible of exact and tangible definition," and states that business men must still be at sea in the attempt to conform their operations to its provisions.

Here are three seemingly distinct and conflicting opinions. But do they conflict? Are they not susceptible of reconciliation? Monopoly exists by reason of institutional laws. To make the men who would avail themselves of these opportunities amenable to law, to attempt to restrict within "reasonable" limitations the activities of business men who in perfecting economies must avail themselves of such modes of monopoly as they find existing with the consent of society, is incidentally to do violence to all industry. Let us meet this problem face to face. It will do no good to abuse Justice White, nor to attempt to prove that Mr. Beck is animated merely by his friendliness to huge corporations of which he is one of counsel. To save legitimate industry from violent interruption at the hands of the law-making power it is necessary to read the word "reasonable" into such laws as the Sherman Act. But this policy is ameliorative and not curative. The situation is this: monopolistic institutions exist by permission and creation of the law; a too obvious or too thorough adaptation of an industry to these opportunities is to bring about the dissolution of these combinations at the hands of the Supreme Court of the land. But loose and not too obvious adaptations will be held to be "reasonable" and may continue. The difficulty of adapting their operations to this "reasonable" interpretation must remain an ever present problem, as Mr. Beck insists, to business men throughout the country. It must be harmful to legitimate industry; it will not avail to prevent a fairly thorough use of the legal monopoly privileges that exist; and it does nothing to remove those legal privileges of which in one form or another use must be had. Interminable legal wrangles will continue to divide the courts, and futile party divisions will exist and equally futile party campaigns will be waged, which however settled will settle nothing.

These considerations may well lead us to question whether Mr. Beck is not entirely right in suggesting a grave doubt as to the policy of a law which yields so little to judicial interpretation. But we may even question whether any anti-trust law would not be open to as grave a doubt. If we do not recognize the existence of a condition of society in which laws make for privilege—in which combinations *per se* are at the mercy of combinations plus privilege—any mode of dealing with monopoly must be futile or worse. Economic laws are unfailing; the evil results of their violation, the legal oppressions such violations entail, and the resultant unnatural conditions, cannot be dealt with by statute regulation. Why not be candid and recognize the difficulty with which Justice White would deal in such terms as would save legitimate business operations? Is it not a real difficulty? In place of questioning the wisdom, even the integrity of such decision, why not face the real problem? What is that problem but the removal of monopoly, and thus the free action of economic forces?

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Most all the theories of modern political economy have originated because of the absence of a concept of a natural order. Of such is the doctrine of over-production, which is supposed to explain why commodities remain unsold at certain periods; the wage fund theory, which accounts for the unemployed on the ground that the fund set aside for the payment of wages is the regulator of labor's remuneration, and that wages are high or low as this capital wage fund is large or small. Both these theories are so clearly artificial explanations that they should have aroused suspicion of their validity at the outset. But though there were those who questioned them, they were for the most part greedily swallowed.

If there are natural laws in the economic world, it follows that all laws called "sumptuary"—such as those regulating the prices of commodities, rates of wages and hours of labor—are in controvention of natural laws. The makers of prices are buyer and seller. In an open market where no obstacle to production or exchange exists—that is, where there are no monopolies—the buyer and seller will adjust their differences to mutual satisfaction. No long-standing injustice can be done to any of those bartering goods in a free market. The plausibility of Judge Gary's programme for government control of prices arises from conditions due to the fact that present day bartering does not take place in a free market.

And it is necessary to again insist that this is not due to combinations of capital *per se*. These of themselves have no power to curtail the limits of the market, nor to provide means for the ex-

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ploitation 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.

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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.

*"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."

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-

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