Distributive Justice.

A SUBJECT of prime importance to the Economic world is the question of Distributive Justice, and perhaps the ablest recently published volume bearing on this subject is in the new book entitled : " Distributive Justice," by Dr. Ryan, Associate Professor of Moral Theology and Economy at the Catholic Uuiversity of America, Washington, D. C. He is no doubt, one of the best known authorities on the social and economic problems of the present day.

Although Dr. Ryan does not think the present economical system is fundamentally wrong, still he shews quite clearly in " Distributive Justice, where there is room for sweeping improvements. In treating, as this book does, with distribution of the products of industry, the moral aspects of the distribution are studied in connection with landowners, capitalists, business men and labourers, between whom this product is apportioned. In speaking of the rights of these classes, the natural and inalienable right of private ownership of land and goods is definitely and clearly established and the mutual obligations of all classes set forth. In an able manner Dr. Ryan also sets forth many proposals which, if carried out, would go a long way in remedying the evil aspects of our present system.

Of the questions discussed, perhaps that bearing on monopolies has the most interest for us, since all necessities of life have arrived at monopoly prices, and as corners in these and the prerequisites of production seem to be the bane of our day.

To draw a line between competiton and monopoly is a rather difficult operation ; but it is safe to say, that where excessive profits are forthcomiug, there exists monopoly prices. An example of monopoly prices was the excessive valuation of foxes on Prince Edward Island in 1912–13. The monopoly demands this price or interest over and above the public utility of the article plus its remuneration on capital, after paying the cost of production. The reasonable return on capital is about 6% ; and a business that puts by this 6% on capital and allowing 4% on the title of productivity, and afterwards retains a surplus of 10%–15%—and many of our companies had retained 50%–100%—the retention of this excess of percentage is held by the power of appropriation. "The monoply possesses the economic strength to take this percentage because it is able to impose higher competitive prices on the buyer. Obviously such power has no greater ethical sanction or validity than the pistol of the highwayman. In both cases the gains are the product of extortion." This is confirmed by public opinion and the decisions of the courts; and the "monopolistic practise of taking more than the usual rate of returns on capital, merely because there exists the power to take it, is condemned as inequitable," for in fixing rates of returns in public service corporations, the courts, with practical unanimity, decide on what is obtainable in competitive conditions of investment. That monoply may receive the higher surplus gains as derived from efficiency, it must assume that fair wages have been paid the labourers, that a fair rate is charged to the consumer and that the company is using fair methods towards competitors. If these are not met with, then the concern has no right to surplus gains of any sort, because all these three claims are morally stronger than the claims to reward on account of superior efficiency.

What proportion of monopolistic gains is due to superior efficiency can hardly be even approximately known. "According to Justice Brandeis, a very competent authority, only a very small part of these gains is due to superior efficiency. "Professor E. S. Meade writes, "During the decade 1902-12 of unparalleled industrial development, the trusts, starting with every advantage of large capital, well equipped plants, financial connections and skilled superintendents, have not succeeded." While on the other hand, Van Hise thinks that, on the average the weight of argument is largely on the side of efficiency in large combines.

But there is really no basis for comprehensive conclusions. Dr. Ryan then approaches the question from the side of prices. "Whenever the charges imposed by monopolistic concerns upon their products are higher than those which would prevail under competition, then this surplus is obviously not due to superior efficiency." They have their source "in arbitrarily made prices." The final report of the United States Industrial Commission, which was made at the beginning of 1902, states, that "in most cases the combination has excited considerable power over prices and in practically all cases it has increased the margin between raw material and the finished product." According to the Commissioner of Corporations, the Standard Oil Company, has taken advantage of its monopoly power to extort prices much higher than would have existed under free competition. The same authority shows up the American Tobacco Company, The United States Steel Corporation and the American Sugar refining Company in the same light. And Dr. Ryan says, "A safe statement would probably be that the greater part of the surplus gains of the most conspicuous American monopolies have been due to excessive prices rather than to economies of production."

Another phase of the question ably discussed by Dr. Ryan is the unfair methods used towards competitors. These are needless to explain as we all have seen them in effect more or less. The first is underselling the smaller competitors; the physical connection between the absurdidly low prices of the monopoly during the quashing of its rival, and the extortionate prices when the rival is crushed, is quite clear and effective. This low competitive eliminating price is seldom maintained long or in many sections at the one time, and the competitor thus eliminated is the victim of injustice.

The second is the exclusive sale contract, as when the monopoly refuses to supply the dealer, unless he in turn refuses to sell the goods of independent concerns. "It is a kind of secondary boycott." It is an invasion, of the rights of property and an offence against charity and justice. Then again there are discriminative facilities allowed by railroads and transportation. The United States Industrial Commission declared, "It is incontestable that many of the great industrial combinations have had there origin in railroad discrimination. This has been emphasized many times in the history of the Standard Oil Company and of the great monopolies dealing in live stock, dressed beef and other products." These special advantages necessarily mean injustice to the competitor, for either the monopoly is charged an unprofitably low rate and the difference is taken out of the independent concern thus making it bear the burden of the monoply, or, while the monoply is charged a fair rate, the competitor pays an extortionate rate, which is unfair both to producer and consumer. All these practices are now under the bane of statutory law, and the first two have recently received detailed and explicit prohibition in the Clayton Anti-Trust Act.

How to prevent monopolistic injustice is a subject occupying many minds, and Dr. Ryan sets forth much good advice in his treatment. He says, "Attention has been called in a preceding paragraph to the impossibility of determining whether the great monopolistic combinations have on the average shown themselves to be more efficient than concerns subject to active and adequate competition. It is significant, however, that in the discussion of this subject, which took place at the twenty-sixth annual meeting of the American Economic Association, at Minneapolis in 1913, the economists who participated, were practically unanimous in holding that the superior efficiency of the trusts had not been demonstrated, but was a matter of serious doubt, and that the burden of proof of their alleged superiority had been definitely shifted upon those who maintained the affirmative. Probably the great majority of the whole body of American economists would share these conclusions."

Professor Van Hise says,—"While maintaining that concentration must go far in order to give the maximum of efficiency, it should not go to the extent where the element of monopoly enters." And he would have the law "declare restraint of trade unreasonable that gets to monopoly" and fix the definite per cent of business control which constitutes a monopoly. In substance his view is that, while no corporation should be permitted to control the greater part of any product, monopolistic price-agreements should be sanctioned and regulated by law. No amount of restrictive legislation, he maintains, can secure universal competition in the matter of prices. Experience shows that the destructive results of cut-throat competition compel the more powerful competitors to make price agreements in some lines of business. Dr. Ryan states in discussing Van Hise's plan, "that it is not likely to be embodied in legislation in the near future, and continues to say,—"so far as we can see now, the American people are committed to the policy of endeavoring to restore genuine competition by prohibiting those predatory practices to which the great monopolies mainly owe their existence. The great attempt will be made to give competition a fair opportunity to prevent both monopolistic control of products and monopolistic fixing of prices. Competition has not enjoyed any such opportunity during the last quarter of a century. If this attempt should fail after a thorough trial, the time will be at hand for the regulation of prices by the government. Until that time has arrived (let us hope that it will never arrive) the State will not, and should not, embark upon such a large and difficult experiment."

J. J. R. H. F. '17

As friends and companions, as teachers and consolers, as recreators and amusers, books are always with us, and always ready to respond to our wants. We can take them with us in our wanderings, or gather them around us at our firesides. In the lonely wilderness and the crowded city, their spirit will be with us, giving a meaning to the seemingly confused movements of humanity, and peopling the deserts with their own bright creations.

Candor is the seal of a noble mind, the ornament and pride of man, the sweetest charm of woman, the scorn of rascals, and the rarest virtue of sociability.

Begin ; to begin is half the work. Let half still remain ; again begin this, and thou wilt have finished.