

PAPERS AND DISCUSSIONS.

COMPETITION: ITS NATURE, ITS PERMANENCY, AND ITS BENEFICENCE.

BY PRESIDENT RICHARD T. ELY, LL.D.

A strange contrast is afforded by the various utterances of popular economic literature touching the subject of competition. The following quotation furnishes us with a forceful expression of opinion adverse to competition and may be taken as typical of views held by a class of sincere, enthusiastic champions of social reform.

“Competition is not law but lawlessness. Carried to its logical outcome it is anarchy or the absence of law. Man is a moral, spiritual, and social being, not dominated by animal law. There can be no such thing as a harmonized society with any competitive elements in it, and Christianity is impossible. Every man owes the world his life, and must live to have a life to give. In competitive conditions not character but cunning survives. The gospel of success is the great insanity of modern materialism, absorbing the best brain, thought and life of the race; we have been feeding our children to this great Moloch of success, but as a result we have been warping the intellect and making moral idiots.

“We are coming to a higher evolution, in which the law of mutual service shall be the law of life. Any attempt to build society on a competitive foundation is fundamentally anarchical. The idea of brotherhood

has come to stay and will not back down at the bidding of politicians, monopolists or theologians. The years behind us are but a getting together of human material in a divine effort of perfected humanity. Democracy must be applied to reorganizing the machinery of the world.”¹

Now let us put over against this utterance a clear-cut expression of opinion as favorable to competition as the words we have just used are unfavorable to this manifestation of social force in our economic life.

“Competition was the gigantic motor that caused nearly everybody during the first nineteen centuries of Christian civilization to use all his mental and physical powers to get ahead. The best efforts of humanity, stimulated by competition have lifted our race to a standard where the mode of living of common laborers is more comfortable and desirable than the every-day existence of the kings of whom Homer sings.”²

Once again listen to this vigorous outburst in denunciation of competition, written some fifty years ago by a distinguished leader of Christian Socialism in England: “Sweet competition! Heavenly maid! . . . Now-a-days hymned alike by penny-a-liners and philosophers as the ground of all society . . . the only real preserver of the earth! Why not of Heaven, too? Perhaps there is competition among the angels, and Gabriel and Raphael have won their rank by doing the maximum of worship on the minimum of grace. We shall know some day. In the meanwhile, ‘these are thy works, thou parent of all good!’ Man eating man, man eaten by man, in every variety of degree and method! Why does not some en-

¹ *Cleveland Citizen*, March 14, 1896. Attributed to George D. Herron.

² Richard Michaelis in *Looking Further Forward*, pp. v and 85.

thusiastic political economist write an epic on 'The Consecration of Cannibalism'?"¹

On the other hand listen to these words by a sturdy American whose courage in denunciation of wrong in high places no one can rightly impugn:

"The competition of economics is not the so-called competition of our great centers where men strive to drive men to the wall, but the competition which leaves each in full possession of that productive power which best unites his labor with the labor of others. Competition is no more trespass than it is theft. It is the reconciliation of men in those productive processes which issue in the largest aggregate of wealth. It is not crowding men off their feet, but a means of planting them upon their feet."²

These quotations could be multiplied indefinitely on the one side and on the other. We find it asserted on the one hand that competition is sinful warfare; that it is "division, disunion, every man for himself, every man against his brother";³ on the other hand that it is mutual service; that it is altruism of a superior quality; that it is the essence of the golden rule; that it is loving our neighbor as ourselves—in other words, that a correct rendering of Christian love is competition.⁴

Apparently such contradictory views admit of no reconciliation. But when we think seriously about the matter, we are forced to ask ourselves the question: how is it possible that men of undoubted capacity, of unquestioned sincerity, of warm enthusiasm for humanity, can hold views respecting competition, this

¹ Charles Kingsley in *Cheap Clothes and Nasty*, printed with Alton Locke, vol. i, pp. 82-3.

² John Bascom on *The Moral Discipline of Business. The Kingdom*, Minneapolis, May, 1896.

³ Kingsley, l. c., p. 104.

⁴ Edward Atkinson on *Coöperative Competition. The New World*, September, 1895.

great corner-stone of our economic order, so diametrically opposed that what the one cordially hates the other ardently admires as a source of abundance for all the deserving children of men? May it not be that, after all, these disputants are talking about somewhat different things and that what is needed first of all is definition?

What precisely do we have in mind when we discuss competition? Competition, in a large sense, means a struggle of conflicting interests. If we open our dictionaries and read the definitions there given, we shall find something like this in each one of them: "The act of seeking or endeavoring to gain what another is endeavoring to gain at the same time; common contest or striving for the same object; strife for superiority; rivalry." (Century Dictionary.)

Professor Gide uses these words to tell us what he understands by competition in this large sense "When each individual in a country is at liberty to take the action he considers the most advantageous for himself, whether as regards the choice of an employment or the disposal of his goods, we are living under the régime of competition."¹

But we do not have enough precision in these definitions to answer our purposes. Economic competition, it is true, is a struggle of conflicting interests for valuable things, for what we call in its widest sense wealth. But is all struggle for wealth, competition? If I knock you down with a sand-bag and rob you, is that to be called competition? If I fit out an armed ship and prey upon the commerce of the world, is that competition? If I cheat you by a lie, are the lie and the fraud part of the competitive process? The reply

¹ Principles of Political Economy, by Charles Gide, transl. by E. P. Jacobsen. 1892. P. 64.

comes naturally, "No, you are now talking about criminal and wrong action."

But if it is not every struggle of conflicting interests that is to be denominated competition, we see at once that competition is a struggle which has its metes and bounds. I think we must say that the competitive struggle is limited by constitutional and statute law. It is a struggle whose boundaries are fixed by the social order within the framework of which we live and move and exercise our faculties in the pursuit of a livelihood. When we bear this qualification in mind, simple and obvious as it is, many difficulties begin to vanish like fog before the rising sun. Many a man, when competition is mentioned, thinks of wild beasts, tearing and rending each other in a death struggle for an insufficient supply of food. But such is only an incomplete and imperfect picture of the struggle for life, even among the brutes, and does not at all describe the struggle of competition among civilized men.

But even when we call to mind the limitations placed upon the struggle of conflicting economic interests by the social order, we do not yet have a sufficient idea of economic competition. It is essential that we add another element to our idea, in order to render it more nearly conformable to reality. We must bring to mind the great principle of evolution which is present wherever there is life. Nothing could well be more unscientific in the present age of science than to leave evolution out of account in our examination of anything so fundamental in society as competition. What light, then, does the principle of evolution throw upon competition?

The struggle for existence among the lower animals has become a commonplace of modern scientific thought,

and equally familiar are the selective processes of nature, resulting in the survival of those fittest for their environment at a particular time and place. Not quite so familiar to all are other aspects of nature's methods. After the appearance of Darwin's epoch-making book, "The Origin of Species," biologists first brought out the hard and cruel side of the struggle for existence. Rousseau's pictures of mild and beneficent Nature were replaced in their descriptions by the conception of Nature as "red in tooth and claw with ravin." Even Huxley spoke of the animal world as on about the same level as a gladiator's show. "The creatures", said he "are fairly well treated and set to fight; whereby the strongest, the swiftest, the cunningest, live to fight another day. The spectator has no need to turn his thumb down, as no quarter is given."¹ But it was not long before careful observation revealed other aspects of nature's processes. Mr. Alfred Russel Wallace long ago called attention to the comparatively painless character of the struggle among animals, and to the large amount of happiness in their lives. After reviewing the ethical aspect of the struggle for existence, he expressed the opinion that it affords "the maximum of life and of the enjoyment of life with the minimum of suffering and pain."² When we watch animal existences as a whole, and not in exceptional moments, can we conclude otherwise? But subsequent observers, going further, have called attention first to the fact that the struggle is not for life merely, but for the life of others. These others are first of all offspring, but later mates and companions. Again, attention has been called to association and mutual aid among animals as

¹ The Struggle for Existence. *Nineteenth Century*, February, 1888.

² Darwinism, p. 40.

part of the struggle for existence, and we have come to see that co-operation and the ability to co-operate are powerful weapons, even in the competitive sub-human struggle for existence.¹

We must hasten on to the point where, as a result of organic evolution, we have the emergence of man. Among primitive men competition seems at first to take on more cruel forms than among animals. But if evolution has apparently gone back a few steps, it is only to move forward mightily and unceasingly as social evolution for the achievement of ends whose grandeur we as yet but faintly apprehend. Competition, begun far below man with the very beginnings of life, persists as one of the most fundamental laws of animate existence, but evolution carries it to higher and ever higher planes. Primitive competition includes a narrow circle of association and, beyond that, slaughter for economic advantage. With social evolution slaughter gradually recedes into the background and falls below competition into the region of crime. When men considered it dishonorable to gain by the sweat of the brow what could be won by the sword, battle belonged to economic competition; not so in the age of industry. From early times, and until recently, the competitive social order found within its frame-work a place for slavery; but as a result of social evolution, continued for ages, slavery falls below the plane of competition and is now regarded as incompatible with civilization. Piracy, until a comparatively recent period of the world's history, held an honorable place within the

¹ Consult the series of articles on Mutual Aid by P. Kropotkin in *The Nineteenth Century*, September and November 1890, April, 1891, and January, 1892, August and September, 1894, January and June, 1896.

competitive processes whereby men secured economic gain; but that in turn has fallen outside of and below the social order of competition.

But since the beginning of this century, along with the persistence and increasing intensity of competition, elevation of the plane of competition has kept pace with the rapidity of social evolution. The labor of very young children has been outlawed; the labor, even of grown men, has in many cases been restricted, and unwholesome conditions and oppressive practices in numberless instances have been put below the plane of competition. We need not retrace this familiar ground. A former president of this Association, in one of its early publications¹ declared that one of the functions of government is to raise the ethical level of competition. He was himself surprised to find the impression that the phrase produced. It produced that profound impression precisely because it is so pregnant with meaning. The phrase is a key, opening mysteries and revealing reconciliations of science and humanity.

We have already mentioned the fact of association among animals for mutual aid. Social evolution among men reveals growing association along with competition. One essential feature of social evolution, in its bearing on competition, is the enlargement of the associated competitive group. Here again the temptation to trespass upon your patience is strong, but it must be resisted. Many an address could be occupied entirely with a discussion of the grouping of men within the competitive social order. Thus we early find voluntary,

¹ Henry C. Adams, *The Relation of the State to Industrial Action*. Publications of the American Economic Association, vol. i, no. 6, January, 1887, pp. 507-508.

loosely formed groups of employers pursuing common purposes; and also groups of workmen likewise seeking to promote common interests. Again we notice a permanent organization of labor on the one hand and of capital on the other. Then we discover political associations embracing within themselves an infinite variety of competitive groups; and these political associations themselves having competitive features extend from the small hamlet to the mighty nation. But competition does not stand alone. With it are associated sympathy, benevolence, and public authority. Moreover, wisely directed humanitarianism strengthens each group, while ruthless selfishness among the members of the group gradually destroys power in competition. The larger the competitive group, the wider becomes the sphere for generosity, the larger the safe scope of pity, and the milder may the competition become for the individual. Witness how the progress of modern nations in philanthropy attends growing efficiency in their economic struggles. International competition is a stern fact of our time. Is it not equally a fact that the most potent nations in this great dramatic world-wide struggle of interests are precisely those nations in which we find the highest individual and social development of altruism? Association and coöperation, the healing touch, benevolence, love, are all compatible with competition.

Fear has sometimes been expressed lest the humanitarian side of social evolution should lead to weakness and degeneration, and the world be converted into Goethe's vast hospital. Such apprehension, I believe, does not rest upon a critical analysis of the forces at work in modern civilization. It is true that benevolence, manifested in and through progress, may keep alive some weak individuals, who in a harsher age

would have perished, and that these weak individuals may take part in the propagation of the species, eventually leaving behind an enfeebled progeny. But with all its mildness, civilization lessens unfit reproduction, and, upon the whole, does so to an ever-increasing extent. It puts the feeble-minded in asylums, and discourages the marriage of paupers; while in its new attitude towards the criminal classes it shows an increasing inclination to detain them until it receives evidence that their malady is cured. Moreover, by sanitation and other measures, modern civilization increases the strength and vigor of those who do survive. Comparisons of civilized men with savages and with semi-civilized peoples, reveal the superiority of the former in physical vigor. It is probable that never in the world's history have there been men and women whose average of efficient strength in the economic sphere was so great as that of the men and women who today inhabit Germany, England, and the United States of America.

Competition is the chief selective process in modern economic society, and through it we have the survival of the fit. But what do we mean by "the fit"? We all know today that fitness has reference simply to conditions of a particular time and place. Bold and aggressive pirates were at one time fit for survival, but now they are likely to come to an untimely and ignominious end. Modern society itself establishes, consciously or unconsciously, many of the conditions of the struggle for existence, and it is for society to create such economic conditions that only desirable social qualities shall constitute eminent fitness for survival. A kind of society is possible, in which the beggar has this fitness, while the conditions in another society may be most unfavorable to the growth of parasitical classes.

The socially established competitive methods and the

socially established ends to be attained by competition determine the kind of men who will survive in competition. Let me offer an illustration. To-day the civil service of the modern nation furnishes an opportunity for a livelihood to a considerable percentage of the population. Competition for admission to the civil service in order thereby to secure a support is found when we have the so-called spoils system, and the competition is intense and frequently bitter. This competitive contest issues in the survival of men with qualities known to us all. Civil service reform does not remove competition; on the contrary it extends competition, but the difference in methods produces corresponding differences in results. On the one hand, the extension of competition lessens bitterness, because it is more in consonance with our ethical demand for equality of opportunity, and the difference in competitive tests for success, issues in the survival of men with qualities of another sort from those which come to the top under the spoils system, and with qualities, most of us will say, of a higher kind.

Competition increasingly comes to mean worthy struggle, and true progress implies that success will be secured hereafter by conformity to higher and ever higher, nobler and ever nobler ideas.

Mr. Alfred Russel Wallace and Professor Lester F. Ward have called attention to the superiority of man's selection to nature's selection. Professor Ward has thus expressed the idea: "The economics of nature consists, therefore, essentially in the operation of the law of competition in its purest form. The prevailing idea, however, that it is the fittest possible that survive in this struggle is wholly false. The effect of competition is to prevent any form from attaining its maximum development, and to maintain a comparatively low

level for all forms that succeed in surviving. This is made clear by the fact that wherever competition is wholly removed, as through the agency of man, in the interest of any one form, that form immediately begins to make great strides and soon outstrips all those that depend upon competition. Such has been the case with all the cereals and fruit trees; it is the case with domestic cattle and sheep, with horses, dogs, and all the forms of life that man has excepted from the biologic law and subjected to the law of mind, and both the agricultural and the pastoral stages of society rest upon the successful resistance which rational man has offered to the law of nature in these departments. So that we have now to add to the waste of competition its influence in preventing the really fittest from surviving.”¹

While in general we must agree with Professor Ward, I do not think that the process which he describes is to be called the suppression of competition, but rather a regulation of competition by the mind of man. It means the establishment of the environment and the selection of the plants and animals for survival in the pre-arranged environment.

If the foregoing considerations are possessed of validity, we can readily see one of the tests to which we must submit proposed measures of social amelioration. A good social measure must strengthen the individual and the group for competition. On the other hand, the test of a bad condition is that it weakens individuals and groups, in the competitive struggle. Let me offer a single illustration.

In New York City a Tenement House Commission has been investigating the housing of the poorer classes in that city. Dr. Edward T. Devine, Secretary of the

¹ *Outlines of Sociology*, pp. 257-8.

Charity Organization Society of New York, testified before the Commission as follows: "There is much destitution directly due to overcrowding, to the lack of light and air, and to infected walls, ceilings and floors. The experience of the agents and visitors of the Charity Organization Society confirms what physicians have said in regard to the danger from tuberculosis and other diseases. The chances of recovery are much less because of the lack of vitality due to the unfavorable physical conditions under which the people are obliged to live."¹ Here our test reveals a thoroughly bad competitive condition. But, on the other hand, Dr. Devine stated that, "While the commission might not be able to devise laws that would directly lower rents, it would be possible to provide for greater decency and comfort, and for more of the conditions that make for life and health, without necessarily increasing rents."² We see in this last suggestion conformity to the tests of a desirable measure of social reform.

If our analysis is correct, it clearly follows that competition is a permanent feature of human society. It begins with the lowest orders of animals and continues its action among the highest orders of men. But it continually mounts to higher and higher elevations, and means rivalry for ever better and better things. We leave behind contests for bare subsistence to engage in contests for noble prizes of the mind and for opportunities for social service.

We can, then, never allow competition to cease. Combinations of labor and combinations of capital may expand freely, so long as these combinations mean merely association and co-operation. But when combinations

¹ *Charities*, the official organ of the Charity Organization Society of New York, December 1, 1900, p. 18.

² *Ibid.*, p. 19.

mean monopoly, either competition must be restored or, where this is impossible, the ends of competition must be secured by other methods of social control; and if these methods of social control in some cases mean public ownership and management of industries, a place must be opened for the competitive principle in the terms of admission to public employment.

It is at this point important to make a distinction too often overlooked; namely, the radical difference between that socialistic extension of governmental activity which has in view the suppression of competition, and that conservative demand for an extension of governmental activity which has in view the maintenance of competition. There are certain conditions of success in competition which many economists believe cannot be supplied individually, but must be furnished by collective action. Irrigation offers an illustration. It appears to be the general opinion of careful students of irrigation, that the laws of private property applied to water used for purposes of irrigation, ultimately produce cessation of competition; in other words, monopoly; and that as a condition of permanent and wholesome competition along with associated efforts, large public activity is required in the supply of water. A recent writer uses these words, and as I understand it, he simply voices the consensus of opinion among experts. "In the vast majority of instances, and over the larger portion of the arid region, costly works will be required, and these can only be supplied by some form of public enterprise. The dividends upon the investment must be looked for, not in the strong boxes of security-holders, but in the increase of national wealth, in social progress and in economic gains."¹ If this statement is correct, we who

¹William E. Smythe on *The Struggle for Water in the West*. *Atlantic Monthly*, November, 1900.

believe in competition must, in order to secure the conditions of its maintenance, ask for larger governmental activity in matters of irrigation.

I regret that I can do no more here and now than merely to allude to two somewhat antagonistic lines of evolution. One is the movement which approaches—without hope of ever reaching—real equality of opportunities in economic competition. This is one of the most powerful movements of the century just drawing to a close and must be borne clearly in mind by any one who would understand the great historical movements of that century. The other line of development is found in the construction of great institutions which shut in and limit competition, but which nevertheless are the very foundations upon which our civilization rests; the institutions which may be likened to social savings banks or depositories of race-achievements. I have here in mind the great economic-juridical institutions of society, such as private property, inheritance of property and vested interests. The progressive approximation to equality in opportunities must not be permitted to go so far as to undermine these institutions. In the mutual adjustments of these two lines of evolution, namely, the equality of opportunity movement and the institutional movements, we have given us one of the weightiest and at the same time most delicate tasks of the twentieth century.

Competition thus conceived is beneficent, and the competitive order rightly controlled by society furnishes to men the maximum of pleasure with a minimum of pain. Not only does it insure progress for the race, but to an increasing extent all men participate in the benefits of this progress. We have no evidence that the competitive order is ultra-rational, and still less need we believe that it is anti-rational, as Mr. Kidd asserts,

inasmuch as in his view it is opposed to the interests of the great mass of men who, he thinks, quietly submit to this social order, on account of the social force in religion which bids them do so. Religion has quite a different office to perform, for its office is rather to raise competition to higher planes and to mingle with it in a harmonious blend, sympathy and love, without by any means displacing competition itself.

Competition gives us a brave, strong race of men, and the brave and strong are merciful.

It has been well said that as organic evolution gives us man, so social evolution gives the ideal man.¹ But economic competition is an essential constituent of that social evolution which is producing the ideal man; and with competition are mingled other regulative principles. Psychologically, the ego and the alter ego, self and other self, arise together; economically they engage in many a conflict, but their spheres of interest are never entirely antagonistic to each other in the struggle for life. The ego—the self—enlarges the sphere of its selfhood; and this widening and deepening goes on until the Christian ideal of humanity is at last attained.

But the upward struggle is part and parcel of the attainment of ideals; and, rightly conceived, elevated to a sufficient height, this struggle in economic life means competition; it means rivalry in the service of self and other selves—rivalry in the upbuilding of the ideal man in the ideal society.

¹ Joseph Le Conte on *The Effect of the Theory of Evolution on Education*. Proceedings of the National Educational Association, 1895.