

TABLE I

ANNUAL RENTAL-VALUE OF LAND IN THE UNITED KINGDOM, 1895-96<sup>1</sup>

<i>1. Pure Ground Rents</i>		
Manors, tithes, fines, etc. . . . .	£668,115	
Markets and tolls . . . . .	693,973	
Fishing and shooting rights . . . . .	684,613	
		£2,046,701
<i>2. Land and Improvements</i>		
Agricultural land . . . . .	£55,408,065	
Houses and tenements . . . . .	154,540,293	
Exempted values . . . . .	668,114	
Mines, canals, waterworks, gas-works, ironworks, etc. . . . .	29,174,646	
Railways . . . . .	36,461,416	
		£276,252,024
60 per cent thereof pure ground rent . . . . .		165,751,212
<i>3. Existing Taxes on Land</i>		
Inhabited house duty . . . . .	£1,513,434	
Income tax on rent . . . . .	5,324,208	
Local rates, tolls, and dues <sup>2</sup> . . . . .	44,954,426	
Tithes <sup>3</sup> . . . . .	4,054,000	
		£55,846,068
60 per cent thereof pure land-value . . . . .		33,507,636
Land tax . . . . .		916, 445
		£202,221,994 <sup>4</sup>
Total . . . . .		

<sup>1</sup> Fortieth Report of Commissioners of Inland Revenue.

<sup>2</sup> *Statesman's Year-Book*, 1897. (Amount of 1893-94.)

<sup>3</sup> Shearman, *Natural Taxation*. (Amount of 1885.)

<sup>4</sup> Exclusive of land-values assessed under Schedule B, *i.e.* valuable leases.

TABLE II

REVENUE DERIVED FROM TAXATION IN THE UNITED KINGDOM, 1896<sup>1</sup>

<i>Imperial</i>	
Customs <sup>2</sup> . . . . .	£20,762,413
Excise . . . . .	32,293,222
Death duties . . . . .	13,878,274
Stamps . . . . .	7,311,446
Income tax . . . . .	16,901,341
Land tax . . . . .	916,445
Inhabited house duty . . . . .	1,513,434
Other sources <sup>3</sup> . . . . .	321,903
Total . . . . .	<u>£93,898,478</u>
<i>Local<sup>4</sup></i>	
Rates . . . . .	£38,561,440
Tolls and dues . . . . .	6,392,932
Grand total . . . . .	<u>£138,852,859</u>

TABLE III

ANNUAL RENTAL-VALUE OF LAND AND REVENUE FROM TAXATION IN THE UNITED STATES, 1890<sup>5</sup>

Real estate taxed as such <sup>6</sup> . . . . .	\$35,711,209,000
Railways . . . . .	8,685,407,000
Mines and quarries . . . . .	1,291,291,000
Telegraphs and canals, far more than . . . . .	312,093,000
	<u>\$46,000,000,000</u>
Land-value 60 per cent of this = capital-value = . . . . .	<u>\$27,600,000,000</u>
Rent at 5 per cent on \$27,600,000,000 = . . . . .	\$1,380,000,000
Add 45 per cent of local taxes as falling on land-values . . . . .	211,793,000
Total annual value of land . . . . .	<u>\$1,591,793,000</u>
National expenditure . . . . .	\$357,889,000
Local taxation . . . . .	470,652,000
	<u>828,541,000</u>
Surplus . . . . .	<u>\$763,252,000</u>

<sup>1</sup> Fortieth Report of Commissioners of Inland Revenue.<sup>2</sup> *Statesman's Year-Book*, 1897. <sup>3</sup> *Ibid.* 1897.<sup>4</sup> *Ibid.* 1897. (Amount of 1893-94.)<sup>5</sup> Thomas G. Shearman, *Natural Taxation*, pp. 146, 147.<sup>6</sup> Real estate worth over \$3,800,000,000 is exempt from all taxation.—*Ibid.*

TABLE IV

ANNUAL RENTAL-VALUE OF THE ALIENATED LAND AND REVENUE FROM  
TAXATION IN THE COLONY OF VICTORIA, 1893

Capital-value of land without improvements <sup>1</sup> . . . . .	£130,569,620
Capital-value of permanent mines, gasworks, tramways, and other franchises, £25,000,000 <sup>2</sup>	
60 per cent thereof land-value . . . . .	15,000,000
Capital-value of land . . . . .	<u>£145,569,000</u>
Rent at 4 per cent on £145,569,000 . . . . .	£5,822,760
60 per cent of local taxation . . . . .	572,856
Land tax . . . . .	119,216
Total annual value of land . . . . .	£6,514,832
State revenue from taxation . . . . .	£2,497,567
Deficit in State finances . . . . .	593,432
Local revenue from taxation . . . . .	954,768
Total requirements from taxation . . . . .	<u>4,045,767</u>
Surplus . . . . .	<u>£2,469,065</u>

TABLE V

ESTIMATE OF CONTRIBUTION OF CAPITALISTS<sup>3</sup> TO TAXATION IN THE  
UNITED KINGDOM, 1896<sup>4</sup>

15 per cent of the customs and excise . . . . .	£7,958,344
Profits of middlemen thereon 33½ per cent . . . . .	2,986,114
Stamp duties other than charged to working classes . . . . .	6,002,359
15 per cent of income tax on improvements . . . . .	319,452
50 per cent of income tax (Schedule B) . . . . .	114,566
100 per cent of income tax (Schedule C) . . . . .	1,284,008
Income tax (Schedule D), except trades and professions, up to £500 . . . . .	8,369,060
20 per cent of inhabited house duty . . . . .	227,014
40 per cent of death duties . . . . .	5,551,308
15 per cent of rates on houses . . . . .	2,940,504
Total . . . . .	<u>£35,752,729</u>

<sup>1</sup> Return of Government Statist, laid before Parliament, 1893.

<sup>2</sup> Low estimate.

<sup>3</sup> Landowners and monopoly-owners excluded as far as possible.

<sup>4</sup> Fortieth Report of Commissioners of Inland Revenue.

TABLE VI

ESTIMATE OF CONTRIBUTION OF WORKING POPULATION TO TAXATION IN  
THE UNITED KINGDOM, 1896<sup>1</sup>

75 per cent of customs and excise . . . . .	£39,791,727
Profits of middlemen thereon = 33½ per cent . . . . .	13,263,909
75 per cent of income tax on improvements . . . . .	1,598,460
50 per cent of income tax (Schedule B) . . . . .	114,566
Income tax on trades and professions up to £500 (Schedule D) . . . . .	1,570,000
50 per cent of income tax (Schedule E) . . . . .	635,910
20 per cent of deed stamps . . . . .	782,756
25 per cent of receipt stamps . . . . .	326,331
20 per cent of inhabited house duty . . . . .	227,014
75 per cent of rates on houses, etc. . . . .	14,702,544
Total . . . . .	<u>£73,013,217</u>

## APPENDIX VII

THE RAGE FOR AND TREND OF TRUSTS

*Republished from "The Public" of Chicago*

"THE daily papers now are burdened with stories about trusts. Hardly an issue appears without accounts of the organisation or prospective organisation of one or more. The air is full of these schemes for consolidating large business competitors. That old business maxim, sound and wholesome, that 'competition is the life of trade,' has been discarded in industrial circles for the theory, for which no maxim has yet gained currency, that consolidation is the condition of success. This theory is the vital principle of trusts.

"The latest mode of trust organisation is a vast improvement upon earlier ones.

"Competitors no longer enter into agreements in restraint of competition. That primitive mode was proved by experience to be altogether incompetent. The agreements were evaded, and sometimes openly violated; and as they fell under the ban of the law, there was no redress in the courts.

"What competitors aiming to organise a trust do now is to form a legal corporation in which all become stockholders, paying for their stock with their respective business plants. Establishments that formerly competed for business thus become part of one great concern under the management and control of one board of directors. If the former owners continue to operate their plants, they do so no longer as

<sup>1</sup> Fortieth Report of Commissioners of Inland Revenue, except Customs and Excise, taken from *Statesman's Year-Book*, 1897.

owners, but as corporation employees. It is the corporation, too, that determines as to each plant whether it shall be operated at all.

"There is no opportunity, therefore, as there was under the primitive mode of making trusts, for any party to the trust to evade his obligations to his confederates. The business is wholly in the hands of a corporation, which has all the legal attributes of a single person; and the trust, instead of being under the ban of the law, operates under its sanctions.

"An effect, and one of the objects, of these combinations is to disperse with many employees, and cut down the wages of others.

"The journeymen mechanics and unskilled labourers may escape. Whether they do or no depends upon whether the trust reduces its production. If it does not, these employees escape; if it does, they are prejudicially affected.

"But whether mechanics and labourers are affected or not, such employees as salesmen, bookkeepers, foremen, clerks, and the like are sure to be injured.

"When many establishments are consolidated, even though as many mechanics and labourers be required as before, they can be governed by fewer foremen, and the output can be disposed of and accounted for by fewer salesmen, bookkeepers, and clerks. The organisation of a trust, therefore, involves the discharge of more or fewer of this class of employees, and that in turn involves the reduction of the wages of those who remain. This has been one of the notable facts in connection with the trust craze. The general public may not be aware of it, but foremen, clerks, bookkeepers, and salesmen are painfully so.

"Another object and effect of trusts is the destruction of competitors who are left out of the combination.

"Since the motive for combining is to kill competition, outsiders must be crushed or the combination fails of its purpose. Many methods of accomplishing this are resorted to. It may be done by selling certain lines of goods for a time at less than cost. The trust can stand that longer than the small competitors, and when they are out of the way can recoup by charging higher prices than ever. Even while a price-war is in progress the trust may charge excessively for goods that are not in the field of competition, while selling below cost those that are in that field. But whatever the method, the object is to crowd out all competition and make the whole field free to the trust.

"Competitive business men are sharply admonished of this by diminishing custom and decreasing profits. Some even of the best of them begin to look forward to retiring from business into high-grade clerkships; and a vast number of them are contemplating the possibility, if they themselves fail to get into a trust, of competing with lower grades of clerks for their already precarious places.

"Whether or not the trust has come to stay is an open question. Trust magnates have no doubt of it. The ordinary business man fears it. The social agitator proclaims it. And only here and there is doubt expressed.

"Most significant, however, of all the opinions yet recorded is that of the banks, which are beginning to look with suspicion upon trust certificates as collateral. In this opinion there is a suggestion of disastrous possibilities which cannot be ignored—a suggestion that derives peculiar force from the fact that the primary consideration with banks in passing loans is the question of safety. It may well be, then, that this making of many trusts is only an evanescent craze, and that the trusts are mere bubbles which must soon burst.

"But any intelligent conclusion as to that point must rest upon an understanding of the differences in trusts. There are trusts and trusts. It cannot, therefore, be predicated of the trust generally that it must either succeed or collapse. Some kinds of trusts may succeed if well managed, while others, no matter how well managed, may be predestined to inevitable collapse. Some analysis, then, of the trust as it confronts us is necessary.

"We can conceive of a trust having for its object and effect economy in production, and neither aiming at anything nor effecting anything beyond that. By consolidating business plants such a trust might lessen the cost of supplying goods to consumers. It would do this in part by reducing the number of managers, clerks, bookkeepers, and so on, necessary to supply a given demand; and in part through those innumerable other economies which, in favourable conditions, flow from operations upon a large scale. That kind of trust would be analogous to labour-saving inventions; indeed, it would be a labour-saving invention itself.

"Familiar examples are offered by the department store, by farming on a large scale, by manufacturing combinations, by any business consolidation, however vast, which is neither directly nor indirectly buttressed by legal privileges.

"Such a trust would, in the absence of legal privileges, be compelled, by fears of starting up competition, if not by competition itself, to give to consumers the benefit of its economies. And though this trust would displace employees and independent employers, just as labour-saving machines do, just as all economies must, there would be nothing to deplore in that, if opportunities to work for others or to do independent business in other and related lines were inviting and insistent, as under free conditions they would be. The displacement then would be a simple and easily adopted change of occupation, not exile from the whole industrial field.

"Trusts of that character are not essentially bad. On the contrary, like labour-saving machines, they are essentially good. If they operate prejudicially in actual practice it is not because they are objectionable in themselves, but because they exist in conditions which operate, in greater or less degree, to bar out from other employments the workers and business men whom they displace.

"There is, however, a class of trusts which are essentially bad. These are the trusts that rest upon or are buttressed by legal privileges.

"The harmful power of a railroad trust is the ownership of great public highways, which it brings under a single control. That is true

also of street-car combinations, of telephone and telegraph monopolies, of gas and electric light and power trusts ; in a word, of all consolidations of those business interests that spring out of the law instead of being evolved and regulated by unobstructed competition.

"Mining trusts are in the same category. They are essentially oppressive because they consolidate titles to mining opportunities, and thereby enable the trusts to dictate to all industries that depend upon the mineral riches of the globe. And as with mining trusts, so with all other trusts which, so to speak, have their feet upon the ground.

"Closely akin to highway and landed trusts are the trusts that bring under common ownership important patent rights. By virtue of these parchments those trusts arbitrarily and effectually prohibit the unprivileged, as a distinguished patent law writer puts it, 'from using some of the laws of God,' just as railroad trusts by franchises, and mining trusts by deeds, arbitrarily and effectually prohibit the unprivileged from using some of God's commonwealth.

"All these trusts are in character one. They are founded in legal privileges.

"Subordinate to the privileged trusts are trusts of still another class. These have the characteristics externally of those of the first class described above—those which we have likened to labour-saving machines. They appear to have the benefit of no monopoly whatever, but to be simple unprivileged business combinations. In fact, however, they derive legal privileges at second-hand and secretly from trusts that are founded in privilege.

"Of this type was the Standard Oil Trust at its inception. Under secret agreements with railroads, which enjoyed special highway privileges, the Standard Oil Trust secured rates of transportation so much lower than its competitors were required by the same railroads to pay, that it thereby drove its competitors to the wall. Subsequently, it acquired highway privileges of its own. Other trusts that flourish now doubtless also depend for their power upon discriminating freight rates. The cracker trust is said to be one of them.

"To one or the other of the three classes of trusts mentioned above, all the trusts now organised, or in process or expectation or possibility of being organised, may be assigned. And according to the class into which a trust falls will the probabilities of its success or collapse be determined.

"The weakest of all the trusts are those of the first class, trusts which possess no legal privileges.

"If capitalised at the true value of their plants, and conducted merely with a view to economy and not to keeping prices above the competitive level, they may succeed. The chances of success in such cases, other things remaining the same, are undoubtedly improved by the consolidation.

"But which of those trusts is so organised and so conducted? It is safe to say none. In capitalising, each plant is inventoried at double its value or more ; and the consolidated business is conducted with a view to paying good dividends on the stock so watered.

"The trust which does this without the aid of some kind of

monopoly-land, highway, patent, or the like, can no more succeed than a boy can succeed in lifting himself by his shoe-straps; and for like reasons. All such trusts are fated from their inception to perish.

"It is probably true, however, that most trusts of the general character last described are not of that character strictly. Very likely most of them are buttressed either with some special privilege or other of their own, or with contractual interests in the special privileges of other combinations. In that event their success will depend upon the power of the monopoly they so enjoy—to which extent they are in the category of trusts of the second class described above, those founded in legal privilege. As the latter rise or fall, so may the former.

"Trusts founded in legal privilege may be expected to succeed or collapse accordingly as their legal privileges enable them to control the original sources of supply of the goods they handle. Unless they acquire control of these, it is only a matter of time when another trust will. And if another trust does, it will either absorb or crush the first one.

"Steel manufacturing trusts might for a time control the steel market. But let another trust secure the ore mines, and the steel trust would be at its mercy. Manufacturing combinations, however complete, however wealthy, even though buttressed with patents and in combination with railroads, can retain their power only while the owners of the natural sources of their supply are not combined.

"It is a *sine qua non* to success that a trust have its feet upon the earth. This has been discovered by the great trusts. The steel trust goes back to the land, and makes ore mines part of its property. The coal-transporting trust of the anthracite region is careful to secure not only highways, but coal mines. And the trust that does not follow their example is doomed.

"To analyse this subject is to conclude that the rage for forming trusts will react and produce a stupendous crash. Trusts with much watered stock and without much monopoly power will go first to their fate. They will be followed by the monopoly trusts that fail to secure fundamental privileges. In the end no trusts will be left to rule in the economic field but those which have their feet upon the earth. The trust question leads directly to the land question.

"Proceeding from this conclusion, let us first ask ourselves to what extent business can be thus securely monopolised by trusts.

"The control of trusts by trusts—in other words, the merging of many trusts into one trust, much as many kinds of business have been merged each into its appropriate trust—is clearly among the possibilities of trust development. Indeed, such a tendency has already become actually manifest.

"At one time, for example, the West Shore railroad system, which from New York to Albany follows the west bank of the Hudson river, the New York Central system following the east bank, was a competitor of the Central.

"The two systems, each made up of what had been originally independent roads, were in essence, if not in name, two independent trusts. But in time the West Shore system fell under the control of

the same interests that controlled the Central. The Vanderbilts came virtually to own both systems. They operated the systems, however, as independent properties, preserving the form while destroying the substance of competitive operation.

"This was not a difficult thing to do while railroad pooling flourished; but when that was outlawed by the Supreme Court, the Vanderbilts found it necessary, or at least expedient, to abandon even the form of competitive operation. Accordingly, the West Shore system is now operated avowedly as a branch of the Central. The two systems have become one system; the two trusts are consolidated.

"It is rumoured that the Erie system, like the West Shore, is also to become a mere branch of the Central. And shrewd observers confidently predict that in the not distant future all systems east of Chicago will be consolidated into two—the Central and the Pennsylvania. Should that come about, it is easy to foresee that a struggle for supremacy would break out between those two great railroad trusts, and that one of the two would ultimately absorb the other.

"Such a struggle is now in progress between the Metropolitan and the Manhattan street transportation systems in New York. Another has practically ended in the acquisition by one of the Brooklyn systems of the others. And eventually, no doubt, the Brooklyn and the New York systems will all come under one control.

"These are but examples of the tendency toward trusts of trusts. Nor need we look to railroading alone for such examples.

"Telegraphy, telephoning, electric power, and light supply, gas-works, and the like, are all tending to consolidation.

"First there are franchises to different corporations in a community. Then comes consolidation of franchises, until one corporation—essentially a trust—owns them all. That stage is followed by a consolidation of these interests in different communities under a central control—a central trust.

"The best example of this stage of the disease, though it preceded in point of time the stages that are logically first, is the Bell Telephone Company, which is the central trust of all the local telephone trusts in the country.

"Then also as to trusts generally, their evolution is similar.

"Competing establishments in a given line of business consolidate and form a trust. Their object, which may be in part to secure economy in production, is in other, and perhaps greater part, to stop competition, and thus to limit production and increase or maintain prices, while holding wages in check.

"Except as these combinations are buttressed with great legal privileges, they are, as we indicated last week, subject to a constant pressure, tending to produce disintegration. For competition is a vital social principle. Its operation may be obstructed by minor monopolies, but its force cannot be quite neutralised by anything short of perfect and complete monopoly. Consequently, until a trust or a series of trusts secures complete control of all the natural or landed resources which its operations require, it feels the force of competitive influences.

"When one line of business, therefore, consolidates into one trust,

and other more or less related lines consolidate into other trusts, these various trusts are, by the same impulse that prompted them to form original trusts, prompted to form a trust of trusts. They thus consolidate under one control not only all the establishments in each line of business, but all the trusts in the different lines of business that are related, including the trusts that own the natural sources of supply.

"This would make that trust of trusts invincible within its own sphere. Controlling the sources of its raw material, it could control the finished product. To use the expression we adopted last week, its feet would be upon the ground. But though it controlled its raw material, it might still be dependent for subsidiary products. In that case it would come into collision with the trust of trusts that had its feet upon the ground as to those products. Then a struggle would ensue, the result of which would be the consolidation of these trusts of trusts.

"Suppose, for illustration, that the steel manufacturing business were by processes of consolidation brought under the control of a trust which dominated the business, merely as a steel business, from beginning to end—owning everything, from finished product back to ore mines. That trust of trusts would have its feet upon the ground. But it must use coal; and here, let us say, is a trust of trusts which dominates the coal business, from delivery at your cellar door back to the mines from which coal is dug. That trust, too, has its feet upon the ground. In such a case the interests of these two trusts would certainly collide. They would bear somewhat the relation to each other that the Manhattan bears to the Metropolitan in New York; that the Central would bear to the Pennsylvania should they consolidate all minor roads under their management respectively; that different lines of business in the steel industry would have borne to one another before finally consolidating; that different establishments in that line would have borne to each other before the first steel trust. Collision or consolidation would be inevitable. And out of the collision, if it came, the steel trust and the coal trust would emerge as one.

"That illustrates the trend of trusts. Following them from their beginnings, we find a tendency first to the consolidation of business of the same kind into trusts for those kinds of business respectively; then to the consolidation of trusts in kindred lines; then to the consolidation of those trusts as they come into collision with one another; and so on, each trust gaining power over its rivals as it secures a stronger and stronger foothold upon the ground.

"Unhindered by fundamental reform the organisation of trusts and their absorption into trusts of trusts would eventuate in the ownership of all business by some gigantic trust, which would get its power as Antæus got his, by planting its feet firmly upon the earth. Owning the earth, it would own men; and owning men, it would own all that they produce, from the simplest food to the most marvellous machinery. The middle class would disappear, and only two classes would remain—beneficiaries of the trusts and their favourites on the one hand, and impoverished dependent hirelings upon the other.

"To this triumph of the trust most socialists look forward with satisfaction. They see in it the opportunity of the people to take possession not only of the earth, but of the artificial instruments of production also, by dethroning the few trusts or the single trust that may acquire this vast ownership. They are satisfied because in this trend they discover signs of the evolution of public ownership. But in the trust phenomena there is little real cause for satisfaction.

"As the evolution of the trust proceeds, trust employees become in greater and greater degree mere voting machines, registering at the polls not their own convictions, but their employers' commands.

"How noticeable this already is in connection with the railroad trusts! Consider Arthur, the wealthy head of the society of locomotive engineers, who secures favours for his loyal supporters in the society by plumping their votes according to trust dictation! Think of the performance of Chauncey M. Depew, who appeared before a corralled audience of railroad working-men at Chicago to admonish them that their interest as railroad employees depends upon their fidelity to the railroad trust as voters!

"This condition, only worse, would be universal should the development of trusts proceed even approximately to the point that we have indicated as possible. And when the time came to dethrone the trusts, the trusts themselves—through their army of dependent voters, and not the convictions or the interests of the people—would decide the issue.

"It might be that the trusts would decide in favour of their own dethronement. But if they did, they themselves would fix the terms.

"In that case we may rest assured that the dethronement would be nominal. All land and all machinery might by their consent be turned over to the government, but it would be at a price which the trusts would dictate, and to a government which they would continue to control.

"It is not by waiting until trusts own everything and then taking it from them that the industrial question must be met.

"The method of the doctor who managed a case of mysterious infantile illness by throwing the infant into fits because he was a fit specialist, and 'death on fits,' may be worthy the attention of schools of medicine, but the principle cannot be safely carried over into practical economics.

"If the evils of the trust are to be overcome and its dangers avoided, the people must possess themselves in time of the point of vantage toward which the trust is advancing. Since the trust cannot survive without, Antæus-like, getting its feet upon the ground, it is to be destroyed only as Antæus was, by keeping its feet off the ground.

"That would be a simple matter. No revolution is necessary. No overturning of established customs or assault upon deep-rooted habits of thought is required. Nothing is needed but a transfer of all taxation from production to the value of natural opportunities to produce.

"Let earth-owners be taxed to the full annual value of their holdings, approximately, whether they use their holdings or not, and

no trust could make money by restricting production. To restrict production would then bring speedy ruin upon whoever attempted it. Even railroad trusts, if rights-of-way were taxed well up to their monopoly-value, would be compelled to utilise their opportunities to the utmost for the public good, or give way to men who would.

"In saying this we are saying only what Henry George demonstrated. Whoever will read his immortal book, *Progress and Poverty*, reading it with intelligent care, and, as Lowell says, 'with heart wide open on the Godward side,' will find in his plea for communal justice an unanswerable argument for a fundamental though simple reform within the atmosphere of which no oppressive trust could come and live."