



CHAPTER VIII

THE WAY OUT—MUNICIPAL OWNERSHIP

EVER since the close of the Civil War this business control has been developing itself. It has become an organized System only during the past few years. It has woven itself into the government of nation, state, and city just as did the privilege of negro slavery prior to the Civil War. In many parts of the Union real democracy has become little more than a shadow, the substance has passed into the hands of the great business interests whose privileges depend upon an alliance with government. They have become the real forces in administration. Through them democracy must work in all legislation affecting their interests. And it need hardly be said that the present issues in politics centre about industrial questions, of which the tariff, the trusts, the railways, taxation, labor, and the local public service corporations are the chief.

We cannot hope to enjoy better government so long as we offer such splendid prizes to those who will conspire against the government. Nor can we attach the best talent to the commonwealth so long as riches, power, and influence are

to be obtained through an alliance against the commonwealth. Improvement will only come when such opportunities are removed, when all classes of citizens, whether rich or poor, find that their interests and their honor lie together. And such a condition can only be brought about through the removal of the cause of it and the identification of all classes with the state, rather than against it.

Democracy itself is not primarily at fault. It is not the people who are corrupt. Men do not bribe themselves. Corruption does not spring from the earth. The spoils system does not account for it all. Nor can it be said that experience shows we have too much democracy. The positive agents of evil, the real enemies of the republic, those to whom the corruption of state and city is primarily due, form but a small class, a very small class. And they are identified with privileges, whether they be railway or mine owners resisting taxation or regulation; or the traction, gas, water, telephone, and electric-lighting interests seeking franchises. These are not the traditional good citizens who neglect politics. It would be a boon to good citizenship if they did. But their business is politics, and, unfortunately for us, our politics has become their business. To them, bad government is profitable, reform a menace. They, it is, who hold the key to the System.

In almost every state we have endeavored to

correct the evils of monopoly by public regulation. Railway and franchise commissions have been created, and the resources of legislation and the common law called to our aid in this attempt. Upon this alternative of regulation we have rested all our hopes, for all admit that competition has failed and unregulated monopoly is inimical to freedom. Aside from public regulation, there is but one alternative, and that is public ownership. In hundreds of instances we have tried the former alternative. Resort has been had to legislation in some form or other in almost every state in the Union. But the uniform experience in national, state, and city affairs has demonstrated that in many instances these creatures of the law have become greater and more powerful than the source of their power, the state, which gave them being.

The Citizens' Union of New York in reporting on the legislation of the session of the Assembly at Albany in 1905, said of the bill creating a State Gas and Electric Commission: "In so far as it provides for regulation of incorporations, and of stock and bond issues, it is a wise measure. Otherwise, its provisions are violative of Home Rule. Moreover, the commission is likely in years to come to prove merely political, and will *probably become a safeguard to the corporation rather than a protection to the public.*"

It may be said this does not prove regulation to

be impossible; that the failure lies in the character of our public officials, not in the methods employed. The way out is not to bring more business, but better citizens into politics; the trouble is not an economic, it is a personal one. But the very necessities of these business interests make it imperative that they keep the better citizen out of politics. There might be hope of relief outside of municipal ownership if this were not true. We are thus deprived of the best talent in the city. For no longer can the officer of the franchise corporations, the stockholder, the banker, the broker, the lawyer, their friends or business associates, take an interest in municipal affairs. Their pocket is at war with their civic interests. It is this fact that burdens reform. Their better natures desire good government. When there is a movement to reform the council, the interests of their pocket say: "No! not this time; wait until we secure a franchise." When a straightforward candidate for mayor appears, the same interests counsel: "No! not this man for mayor if his election means lower dividends or increased taxes."

It is this antagonism of interest that robs reform movements of the whole-hearted support of the better-to-do classes in the community. And even reform organizations are dependent for support upon the same influences that maintain the party organizations. For this reason they can-

not touch the franchise question. Not only would it impair their efficiency, but their friends and associates would be injured. Municipal reform that goes to the heart of the evil is likely to sound an end to its own organization. In Chicago, it meant business losses to the men who backed the Municipal Voters' League. In any city, it may mean ostracism. For the System is ruthless in its methods, and its success demands ruthless means. To-day many men are out of politics, not so much from choice or indifference, as from interest or fear. Many who are in politics are there because politics has become their business. An examination of the movement for reform in many of our large cities is conclusive of this fact. In St. Louis it was not the press, the financiers, the lawyers, or the influential men who backed reform. Reform hurt their most profitable business. Not until the common people came forward did the world know that the people of St. Louis had any sense of civic shame. In Chicago permanent reform came from below—inspired, it is true, by those above brave enough to face the cost. In Detroit, Cleveland, Toledo, reform which went to the heart of the disease did it at a terrible cost.

But the influence of private ownership does not end here. It does not stop with the exclusion of the best talent of the community from public affairs. It is also responsible for the corrupt and

ignorant in our politics. Through the power of these influences the party ticket is determined. The slate is selected with the aim of securing men who can be controlled by friendship, fear, or purchase. We see such influences at work from the presidency of the United States down to the ward councilman. The people are playing at the game of politics blindfolded—the System plans each move with the skill and foresight of an expert in mimic warfare. (The System is at work three hundred and sixty-five days in the year.) The citizen arouses himself but once. And on each recurring election the people go to the polls, not to express their convictions on public affairs, so much as to choose between candidates, both of whom, perchance, have been nominated by privileged interests, furnished with funds, or otherwise identified with their desires by ties of one kind or another that are never known to the world.

Herein lies the power of big business. And herein lies the burden on democracy. Not only are the better classes excluded by interest from taking a part in the administration of the city, but the corrupt and inefficient are invited in to take their places. Our aldermanic bodies are not lowered so much by democracy eager for its own kind, they are levelled down by business men, who, having obtained control of the machinery of the party, strangle the efforts of any other class to rise.

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And we can only reclaim all men to the city, we can only place the best talent in the council, we can only destroy the class-conscious antagonism that is growing up in our cities, by striking deep into the roots of the System through the public ownership of the natural monopolies through which big business has come into power.

That the burdens involved in municipal ownership are real, cannot be denied. But that they are exaggerated, any one really familiar with the average city must admit. That municipal ownership would greatly diminish, if not wholly correct, most of the abuses of municipal administration I am firmly convinced. On this point we are now able to make some suggestive comparisons. For our cities already perform many functions. And the citizen may judge for himself whether the water company, which the city owns, is in politics more than the gas company which it does not. Does it maintain a lobby in the city council or at the state capital? Does it elect men to office to advance its interests? Does it contribute to campaign funds? Does it prevent reform through the creation of a class interest? Does it deprive the city of its best talent and divorce even the professional world from participation in politics?

An examination of conditions in the average city will demonstrate that the evil influences of public industry are confined to the retention of

some unnecessary employees; to the prevalence of the spoils system, and to some extravagance. In efficiency of service, the public water companies equal, if they do not surpass, the privately owned ones. In almost every city the service rendered is cheaper and better, measured by cost and the convenience of the people, than that offered by the traction companies, the gas or the electric-lighting plants. All this is to be expected. For the city is able to, and in most states must buy in the cheapest market. The credit of the city is of the best. It can borrow money at from three to four per cent. It has no dividends to pay on watered stock. It is constantly under scrutiny. And with rare exceptions, engineering talent of a good order is placed in charge of municipal enterprises.

Examination, too, will show that the corruption and extravagance in public expenditure is exaggerated. It is doubtful if it is more prevalent in public than it is in private business. Public affairs are conducted in the open, they are under the scrutiny of competitors; prices paid are always accessible, and the methods of checking in vogue are more elaborate, if not more effective, than those in private concerns. Further than this, in many cities, all purchases in excess of a small minimum can only be made after competitive bidding. In large contracts, the city often buys more cheaply than does the private individual.

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The city's credit is good. There is no delay in payment. It buys in large quantities, and a certain prestige follows sales to the government.

Evidence shows the same to be true in federal affairs. The malfeasance in the postal department, the interior department, in Congress, and elsewhere has grown out of the relationship of the government to the railroads carrying the mails, or desiring to secure to themselves or their officials large tracts of land, timber, or other rights. In any department of public life the personal corruption is insignificant in comparison with the corporate corruption, for the corporation has no sense of responsibility to the public. Nor can it be convicted of a crime.

Much of the hostility to public ownership is based on the conviction that efficiency can only be secured through the hope of pecuniary rewards, or the fear of loss; that waste is inevitable, and that the fear of want dogging at a man's heels is the only stimulus to honest service. The falsity of such a conclusion is a commonplace of observation. The army, the navy, the schools, the railway mail and postal service, the fireman, the policeman, the entire body of public servants within the classified service disprove this assertion.

On the whole public work is probably as well done as is private work, for while the public ser-

vant may loaf, he is not animated by hostility to his boss. His hours may be shorter, but his interest is greater. Political jobs are not only sought because of the higher pay, but because of the greater dignity of public work. Whether it be in the heart of a cabinet minister or of a "white wings" on the street, a fine feeling of self-respect comes from serving one's fellows. It is a sense of *noblesse oblige*. It sustains the men of eminence who abandon lucrative posts at home to serve their country in the Philippines, in Cuba, or in the fever-stricken swamps of Panama. Colonel Waring found the same spirit in the street-cleaning gangs that he organized in New York. The daily acts of bravery reported in our fire departments rank with similar deeds in the navy; while the sacrifices of the police department are comparable with the forlorn hopes of the army. We have greatly undervalued the spirit that animates the public servant. And with the added dignity that would follow an increase in the functions of the city, there would come a corresponding improvement in the pride, efficiency, and character of the public service.

Further than this, with the temptation to great profit removed, the talent now grouped about the franchise interests would be free to work for the city. Its interest would then jump with its patriotism, and along with the rest of the community it

would demand good service, low charges, and efficient management. One of the advantages of municipal ownership is that it converts every citizen into an effective critic. He can register his complaint at the polls. It frees the press and engages its energies in the city's behalf. Every public employee would then be subject to daily inspection by thousands of masters; while bad service would have to pass examination at the polls. It is safe to say that no administration which sacrificed the daily comfort, health, or convenience of the people to political ends could long maintain itself in office. The merit system would then become an imperative necessity. All voices would insist upon it. This is what happened in national administration, where the abolition of the spoils system was only demanded when the public employees became a numerous and important body.

During the years when the car service on the Brooklyn Bridge was operated by the city, we had an exhibition of this influence in New York. Even in the days of the Tammany régime, the spoils system in its worst forms did not enter here. The interests of the thousands of passengers who daily made use of the bridge prevented such a sacrifice of the public convenience. Moreover, municipal ownership will create a public sense, a social conscience, a belief in the city and an interest in it. And it can come by no other means, for so long

as the city touches us in but few conscious ways, so long shall we be indifferent to it. But every added contact educates our sense of dependence and affection. The schools are a great agency in this regard. So are the parks and the libraries, whose administration we jealously guard.

As a matter of fact, we have not too much politics, but too little politics; not too much for our cities to do, but too little. An enlarged public spirit will only come with enlarged public activity, just as the flowering of public enthusiasm for municipal administration in England came in with the recent increase in the activities of the city. As has been well said, "The cure for democracy is more democracy."

In the discussion of municipal ownership many are inclined to reduce the question to the basis of, does it pay? can the community produce at as low a cost as the private corporation? We have attempted to discountenance any extension of the public service by an appeal to the purse. But there is another measure of value than the tax rate, another standard of utility than money cost. The question should rather be, does municipal ownership pay in a higher civic morality, an aroused public sentiment, a union of all forces against corruption, a higher standard of comfort, a better quality of service, a dearer sense of the city? Such are the standards by which we measure

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all other expenditure; such is the justification of our police and fire departments, our schools, libraries, and parks, our health, street, and charity departments. Municipal dividends do not compare in importance with municipal health and well-being, with a cleaner home environment, an enlarged opportunity for life. These are the standards by which every public activity is to be measured, and in these regards municipal ownership has justified itself.

But fortunately we need not accept the alternative suggested of increased cost. For the balance sheets of public trading are their own justification. The City of New York has already expended \$200,000,000 on its docks. It realizes annually in the form of rentals and charges \$3,000,000, and \$879,929 after paying all interest charges and expenses. From its markets it obtains \$315,000, and over one and a half millions net from its water supply. The city of Cincinnati, corrupt and inert as it is, earns a large revenue from the Cincinnati Southern Railway, which was constructed by the city to save its business from railway monopoly, and \$300,000 a year from its water works. Chicago has owned its water plant for upwards of fifty years, and aids its rates to the extent of \$1,250,000 a year from this source. The city of Cleveland has a water plant valued at \$9,141,266, exclusive of depreciation, with but \$3,557,000 of bonded in-

debtedness against it; and including as earnings the water supplied to schools and public buildings for fire protection and the like, it earns nearly three-quarters of a million dollars annually, after meeting all charges.

As a matter of fact, more than half of our cities own their own water supplies. And these cities include almost all the larger ones in the country. Even the foes of municipal ownership admit the necessity of public management here. The interest of the community is so great that it cannot with safety be left in private hands.

Many cities also operate their own electric-lighting plants. Chicago, Detroit, Allegheny, Wheeling, and Seattle light their streets, while hundreds of smaller communities supply the private consumer as well. In few, if any, of these cities is there any demand for a return to private control. Some years ago, the people and press of New York jealously resented any interference with their water supply through the Ramapo grab. The people of Boston believe their water supply to be the best in the world. In Philadelphia the best citizenship of that city protested against the lease of their gas works within the last few months, when an extension of the lease for seventy-five years, to the United Gas Improvement Company, was attempted. The city was aroused to rebellion, and the use of force if neces-

sary to prevent the disposal of its property. In almost any city an attempt to sell the water plant would be treated much as would a proposal to employ Pinkerton detectives in the place of the public police, or a suggested abandonment of the fire department to insurance adjusters, the schools to the churches, or the parks to the land speculators.

But not only are the public water plants in America almost all profitable, but they are the best plants in the country from an engineering point of view. The city is limited by no terminable franchise. It can build for the future. A private company, threatened at all times by public ownership and inspired only by a desire for dividends, cannot do this. It pursues a hand-to-mouth policy. In some instances financial difficulties do not permit of any other policy. At any rate, the engineering in city undertakings has been of a more permanent, enduring, and intelligent quality than that of the private companies.

The same comparison may be made of many other departments, of the schools, of the parks, of the fire departments. The eye of the public is always upon them. The reporters of the press are constantly on the lookout for a point of attack. The hostility of party places one-half of the community ever on the alert for scandal, extravagance, or mistake. The accounts are open to scrutiny;

in some states public auditors are placed upon the books of the city and county, while in every transaction from two to a half-hundred men must be involved. These checks do not exist in the dealings of the private company. For it controls a portion of the press, makes public opinion, is in alliance with the party, and deals in the dark with its own nominees.

Others there are who admit the necessity of such activities as the city has already assumed, but who halt at any further extension on the ground that it is socialistic. Such is the objection in England to municipal trading. But the movement in this direction continues unabated. And history itself disposes of this objection. Society emerged from savagery through social organization. Liberty, enlightenment, and culture have all come through an increase in public functions. All of the present agencies of the state are an encroachment of society into the realm of private activities, and each, in turn, has given an added freedom to the individual and in no way threatened the liberty of initiative that those who challenge further activities fear. The ultimate object of all effort is to protect the individual and enlarge the sphere of his opportunity. The hundreds of functions now performed by the city, from the police department to the parks, are an exercise of public control. But instead of taking from us liberty, they guarantee

it. They secure liberty to work or to play, in our homes and on the streets. The common care of education and of health leaves the individual free to pursue his work at the lowest possible cost to himself. In this same sense, the city is a great wealth producer. It is but part of the division of labor that characterizes modern life.

What the future extension of these activities will be, cannot be anticipated. For our cities are constantly adding to their burdens and rapidly enlarging their functions in response to the needs of the public and the dangers of unrestrained individualism. There seems, however, to be a well-defined line of demarcation between the functions which should be performed by the city and those which should be left to private control. *That line is fixed by monopoly. Whatever is of necessity a monopoly should be a public monopoly*, especially where it offers a service of universal use. So long as the service is subject to the regulating power of competition it should be left to private control. For monopoly and liberty cannot live together. Either monopoly will control or seek to control the city, or the city must own the monopoly. Regulated private ownership in such industries has not only failed, but will continue to fail. Moreover, the best results to the public can only come by experiment, by trial, and the city cannot experiment with private property. This is true as

to rates, it is true as to service, it is true as to a hundred details of management.

There is little to be feared from the activity of an enlarged official class. Even with all the suggested services municipalized, the city employees would not exceed ten per cent. of the voting population. Against an aroused public sentiment they would be an insignificant force. And all of the public services, like water, light, and transportation, are under daily inspection by every member of the community. This, of itself, is a guarantee against inefficiency.

A generation ago it was urged by John Stuart Mill that the burden of proof was upon those who advocated an extension of the activities of the state; that private initiative should be the rule, governmental activity the exception; and that only in rare cases should the rule be departed from. This burden on the advocates of municipal ownership has been a heavy one, heavy in the interpretation put upon it, equally heavy in the proof required. It has been that of the criminal law, of proof "beyond a reasonable doubt." It may now be fairly asked, has not the burden of proof as to municipal ownership shifted? Has not private operation demonstrated its inability to perform the services assumed, except at the expense of our political life?

For the defence that is offered by privilege

for corruption, for its political activity, is necessity. It is maintained that such business can be conducted in no other way.

But there are other considerations than political morality which demand public ownership. The supply of transportation, light, heat, power, and water is of the utmost importance to the community. The services rendered have become a necessity to the life, health, comfort, convenience, and industry of the city. No other industries compare with them in this respect. Our common life is wholly dependent upon them. Without water, the community could scarce live a day. The wheels of industry would cease to turn. Only less important is the gas which fires our stoves and lights our homes, while the transportation agencies form the arterial system of the city, enabling its business, industry, and common activities to be carried on. Moreover, the housing problem, the greatest problem of city life, is largely dependent upon transportation. The price we are paying for bad housing, with its vice, misery, and sickness, is awful to contemplate. Unless relieved, this condition will constantly grow worse. It cannot grow better. And one of the means of relief for our huddled, herded masses is through cheap, easy transit to the open fields of the suburbs. Such relief cannot be secured through private enterprise, for operation of the transporta-

tion agencies for the aid of the poor is incompatible with dividends upon watered stock. Such relief can be most easily achieved through public ownership.

Along with the housing problem, education is dependent upon transit. To the poor, the transportation charge is a heavy item. In thousands of cases it is a prohibitive cost to education. Likewise the merchant, the mechanic, the clerk, or the laboring man, the shop girl, the school children are forced by conditions which they cannot control to live far from the place of their daily toil. They have no choice. The street railways are the city's distributing agencies. What they supply is a necessity of a high order. In good times or in bad the public must patronize them. They form the arteries of our municipal bodies, and to an even greater degree than the parks, and to a scarcely less vital extent than the police, fire, and sanitary protection, has this service become a necessity of life to every citizen. He has no choice but to use it, and no choice as to service, for real competition there is none. So acute, in fact, is this need that it must be satisfied before his grocery, clothes, or coal bills, for his meat and drink depend upon his getting to his work. And out of every day's income he must pay from ten to thirty cents in car fare; out of every week's wage from sixty cents to two dollars; out of his annual income from

thirty-five to one hundred dollars for services which are incidental to life, and a burden which the city involves. This means that the working girl and common laborer must pay from one-sixth to one-tenth of their wages for transportation; that the standard of living of every laborer, mechanic, and working man is reduced to that extent; that he will pay into the pockets of a private company more than he pays in taxes to the nation, the state, and the city; more than he pays for his schools, his water, police, and fire protection; more than he pays for all of the public returns that organized society accords him. This toll is a tariff on the education of his children, a tariff which often amounts to an embargo.

In like manner, with the growth of the city, light, heat, and water cease to be cheap and accessible. When supplied by private companies, the charge is not determined, as are other services, by cost or by competition in the market. Price is fixed by the monopoly rule of charging what the traffic will bear or by what a dishonest alliance with city officials permits. And these services, like that of transit, are initial burdens on a man's income. Urban life is impossible without them.

Before the city dweller can begin to feed, clothe, or take care of his family, these monopolies which the city creates, and must of necessity create, impose upon him a charge of probably one hun-

dred dollars a year. They form one of the largest items in his domestic budget. Nor do these charges tend to decrease. For the same causes which lead to the growth of rent increase the earnings of these companies as well. Population, of itself, creates demand. The companies need only offer the service. Be it good or bad, the people have no alternative but to accept it. An examination of the earnings of such companies shows a steady and constant growth of from five to ten per cent. a year. They may be expected to double in about ten years' time. And nothing the companies can do will greatly alter the growth. Nothing skill and enterprise can devise will materially affect it. By the piling up of population the unearned increment becomes theirs without effort. It grows by night as well as by day. It continues in bad times as well as in good.

Alone among the industries of the city these corporations, along with the owners of the land, are enriched by the growth of society. The law is as resistless as the law of gravitation. The growth of the city and the necessity of a place on which to work and to stand involve the servitude to the franchise corporation and the land owner of all those who dwell therein.

But aside from these considerations, public ownership is demanded on other grounds, and quite as imperative ones. We might continue to bear

exorbitant charges if our institutional life were bettered by it. But the reverse is true. Instead of politics being purified by abstention from business, it is corrupted by it. In Chicago it was not the water-works department nor the thousands of office-holders who turned the city over to the "gray wolves" in the Council. In St. Louis it was not the spoilsmen who overthrew democracy. In New York it is not the office-holding class, nor even the petty grafters, who prevent reform. It is not the foreigner, universal suffrage, nor the saloon, but the franchise-seeking corporations and their agents, the great political parties, who have reduced our cities to their present level.

Nowhere is municipal government seriously menaced by the office-holding class, nor by a machine built upon that class. But wherever privileged interests have identified themselves with the city, and through money, bribery, or campaign contributions, secured control of the party, real democracy has practically come to an end, and a new sort of oligarchy has come in; an oligarchy which observes the features of democracy and respects its paper forms, but which has taken the city's agents into its own employ and uses them for its own pecuniary advantage.