

CHAPTER XX

RAILROADS AND PUBLIC UTILITIES

The railroads are quasi monopolies and the public utilities are absolute monopolies. For the reasons herebefore stated regulation has completely failed, and must continue to fail. The threat of regulation however keeps these concerns continually in politics. The most corrupting and insidious force working against the success of popular government in America is in the private ownership of railroads and public utilities, and the privilege owning trusts.

These concerns are compelled to participate in politics, and so far have been successful either in warding off adverse legislation or in controlling and nullifying the enforcement of it. Every ambitious young man, particularly in the legal profession, who gets a start in the public life of any great State, in either party, quickly learns that any effective opposition to these great interests shuts the door to advancement to higher political or judicial honors, and to the most profitable business relations. The result is that in every State capitol and in Congress the majority of the positions are filled by men who are not studying the public interest, but are concerned mainly with maintaining their positions pending promotion to some higher or more lucrative

one, or the establishment of some profitable relation in the world of privileged business.

Remedies

The ultimate remedy is public ownership and operation of railroads and public utilities. The first step is the acquisition of a single railroad, as elsewhere stated, and the use of Muscle Shoals plant and other national power developments to develop and sell power to municipalities and other consumers within reach of the plants.

There has been extensive propaganda employed by these privileged interests, particularly the power trust, to create the impression that public ownership of utilities has proved a failure. The facts are to the contrary. Water supplies are now generally owned and operated by municipalities, and public ownership has proven more efficient and less expensive than private management. No reason has been shown why public ownership would be any less successful in the field of power and light than in water supplies, and the success of the public power and light plants in large cities like Jacksonville, Los Angeles, Tacoma, Seattle and in Canada, supports the other view.

Secretary McAdoo in an extended report to a Senate Committee after the war showed conclusively that the temporary public operation of the railroads had been a great success financially and otherwise, although it had to contend with extraordinary difficulties which never confront private management.

Remedies for Trust Control of Markets

The practical political measures to be adopted to

abolish the privileges of these trusts are simple and comparatively inexpensive.

The beef trust depends solely upon transportation advantages. Regulation having failed, public ownership of transportation facilities is the only remedy. It is not necessary however to incur the vast expense and responsibility of taking over all the railroads. The acquisition by the government of a single railroad like the Erie from New York to Chicago, and the stock yards at Chicago, would be sufficient to destroy completely the transportation advantages of this trust, and to establish in this great trade prices based upon free competition among competitors, none of whom would have a privilege.

The public ownership of a single important railroad would also destroy the railroad transportation privileges of the steel trust, the anthracite coal trust and the oil trust. These trusts however, as has been shown, also depend upon the exclusive possession of practically all the natural resources which are the basis of their trades, or those which are best adapted by quality or location, or both, for the use of these trades, and which have been acquired not for use, but to prevent competition. These privileges could be abolished by the simple process of having the government condemn a quantity of these unused natural resources, and lease them out to competitors of these trusts upon moderate royalties conditioned upon forfeiture in case of non-use, and guarantee prompt deliveries over the government owned railroad.

In the case of the oil trust it would be necessary for the government to acquire and operate a pipe line from

one of the important oil fields to an important center of distribution. This would afford to competitors, at least in that field, equality of opportunity, and remove the advantage of the pipe line transportation privilege of the trust. If competition were restored in one of the great sections of the country by this method it could be easily extended, if necessary, to every other part of the country.

These preliminary measures could be taken at the cost of a few useless battleships, and a fraction of the cost of the Federal Farm Board, the Reconstruction Finance Corporation, or the projects now being advanced for aiding the farmers.

These measures would result in lower prices for every manufactured or transported product, and this would mean a much larger market for such products, and this in turn would mean the employment of more workers to meet the increased demand.