

Monopoly Goes Socialistic

One day last month war news shared the front pages of New York newspapers with the announcement that the City had acquired title to the last of its privately owned subways. Mayor La Guardia hailed this final step in the unification of New York's transit facilities as a milestone of his administration.

This unification plan goes back many years. Until quite recently it was vigorously opposed by those who owned the franchises. Their willingness to sell out now is due entirely to the fact that these franchises have become unprofitable.

Rising costs of maintenance and operation could not be passed on to subway strap-hangers because of the legally fixed five-cent fare. A newer subway built and operated by the City was serious competition. Some ancillary properties, like street cars, were being operated at a loss because of changing population trends and competition from buses.

When the fight for a unified transit system was first started the cry of "socialism" was raised by the companies. Bondholders cautioned that this municipal transportation plan was an invasion of the "right of private property," pointed with pride to the individual initiative which built this "our great country," etc., etc. Dividends were coming in quite regularly in those years.

But when dividends disappeared all these arguments were conveniently forgotten. The franchise—the rental value of the right of way—lost its lure and ceased to inspire the bondholders' hearts with pride of country. So they sold it to the citizens, pointing out to them what an opportunity it was to have the largest railroad system in the world as an example of municipal ownership and operation. The rolling stock—that is, the junk that has to be rebuilt by labor year after year—was thrown in with the franchise.

What will the bondholders receive for their "property"? Bonds. For

their present privilege, which hasn't been paying dividends for some years, they will receive a permanent mortgage on the taxing power of the City. Their income will be assured as long as the citizens continue their insane system of taxing production to pay the exactions of privilege.

The point is that privilege owners are more socialistic than Marx—when it pays them to be socialistic.