

THE TRUST AND THE SINGLE TAX.

I. THE VITAL ELEMENT IN RESTRAINT OF TRADE.

THE evil of the trust depends not upon the mere fact of a consolidation of business interests, but upon the nature of the business interests consolidated. An illustration may be found in the hack service at any country railway station. I select a particular one for the sake of being definite. Hackettstown is a New Jersey station on the Delaware, Lackawanna and Western Railway, where the station yard is large enough to accommodate many more hacks than are needed. Several hacks carry passengers between this station yard and any desired place in the town at the uniform charge of a dime. Were more exacted, competition would be stimulated. Realizing this possibility, the hack-owners conform voluntarily to what is generally regarded as a fair toll. The business, therefore, is regulated by competition—if not actual, yet potential.

Consolidation of these interests might effect economies. If so, the consolidation would be beneficial to all concerned. Patrons would get better service and pay lower fares; and if displaced employees were hurt by it, their misfortune would be due, not to the labor-saving consolidation of Hackettstown hack interests, but, as is the case with labor-saving machines, to fundamental legal obstructions to business in general. The consolidation would be nothing but a union of interests in hacks and horses, a kind of property that is too easily produced in abundant quantities to be monopolized. Such unions are not in themselves harmful. If they were, all economizing devices would be harmful, and we should have to adopt Tolstoi's conceit and return to primitive methods of production.

But note the effect were the railroad company to confer upon those hack-owners exclusive rights to enter the station yard with hacks. As the station building is so situated with reference to the public highway that competing hackmen could

not satisfy the needs of their passengers without access to the yard, the privileged hack-owners would control the business as a monopoly. Though they still competed with one another, outsiders could not compete with them. What if they consolidate now? How radical the difference! The consolidated interests would be more than interests in hacks and horses. They would now comprise exclusive rights of entry into the station yard. And therein would lie the power of this local hack trust. Freed from all fear of competition, it could make a standard of service to suit itself, and regulate fares upon the basis of extorting "all that the traffic would bear."

This illustration is so far typical of business in general as to indicate the point at which the evil of the trust comes in to bedevil modern industry. That point is not where competitive businesses combine: it is where competing monopolies come into the combination.

Several examples of the weakness of trusts that do not possess privileges might be cited. A recent one of importance was the dissolution of the wall paper trust. That organization had been triumphantly pointed to as a striking instance of powerful trusts without a monopoly basis. But it was forced to dissolve by the pressure of competition. When really powerful trusts are analyzed, their power is found to rest in some form of monopoly—in some species of privilege. Somewhere in every evil trust, though not always obvious, there is a consolidation of exclusive interests analogous to the station yard monopoly of our illustration. Mr. Charles M. Schwab recognized this when in his testimony recently before the Industrial Commission he affirmed that the billion dollar steel trust, of which he is manager, absolutely controls 80 per cent. of the iron ore deposits in this country.

Specifically, these monopoly interests are numerous and various. They consist of such monopolies as railroad rights of way, of pipe-line rights of way, of patented inventions, of water privileges, of street franchises, of mining rights, of terminal sites, and so on into a long catalogue. But most of them may be properly classified as monopolies of *land*.

Mining rights are plainly land rights. Railroad and pipe-line rights of way, terminal sites, and the like, are essentially so. It is not necessary, however, to trace to land monopoly every special privilege that may not obviously spring from that source. The important consideration is that all monopolies which do not spring from are necessarily subordinate to monopolies of land.

A monopoly of iron mines, for instance, confers control over the iron industry in all its ramifications. That control may be limited by a monopoly of rights of way, and especially of necessary terminal points for the shipment or delivery of products of the iron industry. But this makes no difference to the argument, for both monopolies are monopolies of land. And, if these two land monopolies be united in one trust, that trust is unconquerable, except by a trust that monopolizes still more important natural sources of supply or still more commanding terminal sites.

In yet another, a more subtle, and therefore more effective way, evil trusts are fostered by land monopoly. This is through general speculation in land. In the hope of profiting by increase in land prices, every one who can afford to invest buys land where he thinks it may become more valuable. Most of the land so bought is either not used at all or only partly used. It cannot be easily obtained for use, because it is held upon speculation at excessive prices. In consequence of this difficulty, the industrial classes are forced like cattle into a corral. For all the processes of industry depend upon land. Workers of all grades are huddled together, begging for some kind of job. Those that are not actually in the corral are in mortal fear of getting into it. In these circumstances, the industrial classes are an easy prey to owners of great land monopolies. To escape the corral, they accept any terms they can get. They cannot contract in freedom, for they must buy a chance to live. The question with them is not one of more or less income, but of life or death. Thus the monopoly power that trusts acquire from ownership of land is multiplied by the relative weakness of their landless victims. "The destruc-

tion of the poor is their poverty." And their poverty, as well as the original power of the trusts, is rooted in, springs from, and is strengthened by land monopoly. The abolition of land monopoly, therefore, is the only radical remedy for the evil of the trust.

Now, land monopoly would be abolished by the Single Tax. It would be abolished by it in the only way in which land monopoly can be abolished, without reviving it in new forms by turning the State into a monster of unlimited and virtually irresponsible power. While abolishing the monopoly, it would preserve private possession under individual occupancy. To make this adjustment, it would take for public or common funds the annual ground rent of valuable lands, securing peaceable private tenure in return, and would leave non-valuable land freely accessible to individuals to occupy such parts of it as they might wish, without let or hindrance, and free of all obligation to pay for the possession so long as their holdings would yield no ground rent in the open market. If this principle, the principle of the Single Tax, were fully applied, land monopoly would evidently be impossible.

Different cases might require different modes of applying the principle. With reference to transportation when right of way and mode of operation were inseparable, and even with reference to some kinds of mines, as gold or silver mines, it may be necessary, in order to destroy land monopoly as to them, to place them directly under public management. Where that is true, I should advocate special modes of applying the Single Tax principle. But in my judgment little more would be found necessary, in actual experience, than the fiscal method of application proposed by Henry George, which, like the Single Tax principle, is also known as the "single tax." At all events this method would be effectual in most cases and in the most vital elements of the problem.

Pursuant to that fiscal method, all present taxes except one would be abolished. We should retain none but the tax now known as the real estate tax, and only so much of that as rests upon the value of sites. Taxes upon improvements would be

abolished, along with all other taxes upon industry. As a result of these exemptions, site value taxes would necessarily rise. They could not exceed the full value of sites, but they would rise to that point. We should find, therefore, when this simple fiscal reform was complete, that no one could hold any kind of land out of use without suffering serious and continual loss. Land would have to be used, and be well used, or be abandoned. There would be no profit in mere ownership. That goal being reached—indeed, long before it had been fully reached—trade having meanwhile been freed by the abolition of all commercial and industrial taxes, the evil of the trust would be exorcised. With the annual value of special landed advantages applied to common use and no longer retained by private owners, with unused land everywhere freely accessible and the barriers of the industrial corral thus broken down, with demand for productive work thereby made to exceed supply, and through the free interplay of all the natural forces of consumption and production perpetually to maintain that excess—with these demonstrable effects of the Single Tax realized, there would be no more possibility of monopolizing business with paper agreements than of holding back the waters of Niagara with a paper dam.

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II. THE EVIL OF EXCLUSIVE PRIVILEGES.

“DO you believe that the Single Tax would destroy the trust evil, and, if it would not in your judgment completely destroy it, how would it mitigate the evil?”

The form of the question relieves us from all consideration as to whether trusts are good or evil, assuming, as it does, their evil character and rendering unnecessary a detailed consideration of the respects in which they are mischievous. We must, however, settle what we mean by the word “Trust,” for an eminent Republican authority in the last campaign declared that there were no such things in this country as trusts: