

## SINGLE TAX AND THE TRUST

How comes it that a power in its unimpeded operations beneficent—namely, the force or forces of combination or co-operation—becomes under certain conditions so injurious to modern industry? Why is a union of two factories or many factories, of two companies or many companies, a signal to the community of anticipated extortion? And why should the development of natural laws—those of combination and co-operation—provoke a public demand for regulation, and those who avail themselves of these operations be deemed amenable to punishment?

We may grant that a perfected combination which should succeed in forestalling any given commodity would be criminal. The law from its very beginnings has so regarded all such attempts. It is conceivable that, under certain conditions, a mere agreement between individuals might perfect a combination clearly within the provision of the law compelling its forcible dissolution. But this is not conceivable under modern conditions where wide distribution of capital and free labor exists. Law, indeed, may create such monopolies, which it may by popular demand be called upon to destroy, undoing with one hand what it has done with the other. State-created monopolies have existed often in history—as notably in the reign of Queen Elizabeth—but because these have been created by direct act they have been exceedingly unpopular. So, in periods of greater public intelligence, and where the people exercise larger powers of government, it became necessary to accomplish the same result by indirect means, by putting into operation some general law under which monopoly could find a shelter, and the secret sources of which could not be so easily traced.

For, contrary to the almost universal opinion, monopoly is weak. It demands protection. And from what does it demand

protection? From the all-powerful natural law of competition. The curious Socialist notion that competition leads to monopoly is true only in the sense that monopoly, seeing how powerless it is when threatened by the forces of competition, seeks the protection of such laws as it can secure, or which already exist, for the suppression of competition. And this brings us to the conclusion which is unavoidable that there are no monopolies save law-created monopolies.

High capitalization, it is sometimes said, tends to increase price. It does offer temptation to increase of price, but nothing can put it within the power of combinations to increase price save the forces of monopoly. This power you do not increase or decrease by adding to the numbers of the counters, the considerations governing which are purely those of the stock-gambling fraternity.

The reason why anti-trust legislation is futile is because, having created monopoly privileges, Government has appealed to the natural instincts of all men to seek these opportunities and benefits. Such laws are attempts to give effective form to the public's foolish anathemas against impulses shared by everybody, and are therefore as futile as the Pope's bull against the comet. When we understand that these great trusts are monopolies that Government has made, we will realize why it is that Government cannot unmake them by any other process than by removing the causes of their creation.

Competition is often a painful but really a merciful process; it weeds out the useless and the inefficient; selects unerringly its business leaders; destroys, but where it destroys builds up; rescues from the mass the individuals and processes most fitted to survive, and out of chaos brings order. It replaces obsolete with more perfect organization, and where such organization becomes unwieldy it replaces organization with individuals, reverting to the earlier type of industry. Thus the country store is succeeded by the store in which is sold but one line of goods, and this is succeeded by the mammoth type of country store, the great city's department store; and the development of the last named type seems again to revert to the second—viz., a

congeries of stores in which each is distinct from the other, each attaining a reputation for competitive excellence in one line of goods, thus illustrating in the retail trade the interplay of the forces of competition and combination.

Just as there is a limit fixed to the bounds of competition, so there is a limit to the bounds of combination. The maximum of combination and the maximum of efficiency are not the same. There is a point in the progress of combination beyond which it does not, or would not naturally, advance—and that is when it reaches the maximum of efficiency. It seems very likely that the element of monopoly in society today forces combination far beyond the point of the most efficient co-operation.

We hear much superficial talk about “the wastes of competition.” Beyond the fact that competition has never yet been fully tried, that it has never yet been wholly free, and that such waste as it entails is inseparable from the natural process which weeds out the incompetent, the antiquated and the unskilled—a process of which the waste is but incidental to the conservation—is that these combinations do not seek primarily to escape the waste of competition so much as to avail themselves of those artificial laws which prevent competition from doing its perfect work.

The term expressing the opposite of competition is not combination but monopoly.

Is competition or combination the beneficent law of industry? Both; for one is the complement of the other. They exist together, and together they effect the industrial progress of the world. But monopoly is the negation of both, since further combination or co-operation is no longer possible where monopoly is complete. And where there is competition there will be combination, healthy, rational, continuous, and competition will determine its development and direction. The defense of the trust based upon the economic benefits resulting from the elimination of the unskilled is a defense of the principle of combination present under free competition, and is in no sense a defense of monopoly of which what we know as the “trust” is the manifestation.

That the trusts avail themselves of all possible economies in production has often been urged in their defense. Certainly such economies are not needed to secure a monopoly in possession, nor does it seem that the greatest incentives to their adoption are present. The sacrifice of inventions rather than their use by these great monopolies is proof that they do much to prevent such economies. A monopoly can be induced to accept only with difficulty improved devices which under the spur of competition it would gladly avail itself. Thus in the Post-Office, which is a monopoly, though a Government monopoly, improvements are introduced only with the greatest difficulty.

If it be true that there are no monopolies save law-created monopolies, it only remains for the State to undo the work it has done. The means by which the State, consciously or unconsciously, has fostered monopolies may be removed, and a new, and up to this time untried, method for remedying the evils of trusts be set in motion.

Before we can agree to this, however, we must understand what monopoly is. Briefly stated, it is the power to charge more than a competitive price for a commodity or service. This power can be permanently secured by the favor of Government, and in no other way. An agreement between individuals cannot accomplish it, since such agreements, even if they include all individuals in interest, which is impossible, or at all events inconceivable, would infallibly be broken. The only way such agreements may be made effective is for Government to make powerless, or nearly so, the potential competitive elements or individuals in interest. This it does in several ways, or to be explicit, chiefly in three ways:

By Land Laws,

Tax Laws,

Laws Regulating (or that fail to regulate) the use of the steam highways of the country.

I know of no other source of monopoly unless it be our patent laws. But these being—originally at least—rewards of invention, the injury results from their misuse. Even the misuse of patent laws is not one of the chief potent influences in the per-

petuation of monopoly. But without, in most cases, adding to the power of monopoly, which derives its strength from other causes, it puts in the hands of the great combinations the power to arrest progress. The value to society of an invention is in its use. Under present misuse of patents, inventions are frequently held out of use and are often bought up and destroyed for the purpose of depriving competitors of the use of like improvements, or because such inventions would often reduce the machinery in present use to the value of old iron. Clearly, if industrial progress is to be made to yield its full results, some change in our patent laws is imperatively called for. Were the law of competition allowed to work freely, the use of such inventions, even under present patent laws, would be determined largely by the law of self-preservation.

Nothing less than the free use of an invention to everyone willing to pay a royalty to the inventor for its use will do justice to the inventor and meet, at the same time, the interests of the great public and the necessary demands of industrial progress.

The evils of the trust rivet the public attention, not because they are more real than the evils of monopoly *per se*, but because they are more obvious. In some respects the trust, by combining certain elements of monopoly, tends to make monopoly more perfect and its operation more harmful. But it simply avails itself of monopolistic institutions—that is to say, it is built upon land, railroad or tax monopoly; it takes to itself certain privileges which society has created and which have hitherto been appropriated and exercised by individuals. It therefore immediately makes these evils concrete. The trust is thus a manifestation, and the people, with their customary thoughtlessness, attack the manifestation rather than the thing itself—the fruit of monopoly rather than the tree.

The law of competition gives only to those who earn. But from the denial of this law (of competition) flows all existing inequality in the distribution of wealth. There are, it is true, great swollen fortunes, which seem unconnected with these artificial laws of monopoly. Some of these, while clearly not the result of greater enterprise or greater ability, seem to be due to

cunningly arranged devices independent of existing monopoly laws. But this is so in appearance only. There are no such made-to-order arrangements of industrial combination that can be used for extortion. Competition is too keenly scrutinizing for such arrangements to go undetected.

Some of these gigantic fortunes are the result of stock speculation. But these are incidental, and are the profits and losses of the gambling fraternity—a game really played with the counters of monopoly, like “chips” in a poker game, and the transference of which from one to another enriches or depletes the finances only of those who play.

With the dissolving of these giant combinations, which would result from the removal of the laws of monopoly, would disappear the great host of gamblers and stock jugglers. The great fortunes that result from the granting of legislative favors would also disappear, since there would be no longer any legislative favors to grant. And so with many other unjust possessions. And with them would be banished forever much that corrupts our social and political life.—EDITOR.