

### THE TREND OF TRUSTS.

When writing last week of the rage for trusts, we tried to distinguish the different kinds and to point out the probable fate of each kind. We wish now to indicate the general direction in which the rage for trust organization tends, and to consider briefly its economic and political possibilities.

#### I.

It will be remembered that we classified trusts in three categories—trusts without legal privileges; trusts with legal privileges; and trusts that have no legal privileges of their own, but secure such privileges through trusts that do have them.

The first class we described as weakest of all, and fated from their inception to perish; the third, as likely to rise and fall with the legally privileged trusts to which they are subordinate—those of the second class. As to the second class itself, we argued that these trusts also are doomed unless they establish themselves upon privileges that are fundamental—upon legal rights, that is to say, to natural sources of supply.

Our conclusion was that—in the end, no trusts will be left to rule in the economic field, but those that have their feet upon the earth.

Proceeding from this conclusion, let us first ask ourselves to what extent business can be thus securely monopolized by trusts.

#### II.

The control of trusts by trusts—in other words, the merging of many trusts into one trust, much as many kinds of business have been merged each into its appropriate trust—is clearly among the possibilities of trust development. Indeed, such a tendency has already become actually manifest.

At one time, for example, the West Shore railroad system, which from New York to Albany follows the west bank of the Hudson river, the New York Central system following the east bank, was a competitor of the Central.

The two systems, each made up of what had been originally independent roads, were in essence, if not in name, two independent trusts. But in time the West Shore system fell under the con-

trol of the same interests that controlled the Central. The Vanderbilts came virtually to own both systems. They operated the systems, however, as independent properties, preserving the form while destroying the substance of competitive operation.

This was not a difficult thing to do while railroad pooling flourished; but when that was outlawed by the supreme court, the Vanderbilts found it necessary, or at least expedient, to abandon even the form of competitive operation. Accordingly, the West Shore system is now operated avowedly as a branch of the Central. The two systems have become one system; the two trusts are consolidated.

It is rumored that the Erie system, like the West Shore, is also to become a mere branch of the Central. And shrewd observers confidently predict that in the not distant future all systems east of Chicago will be consolidated into two—the Central and the Pennsylvania. Should that come about, it is easy to foresee that a struggle for supremacy would break out between those two great railroad trusts, and that one of the two would ultimately absorb the other.

Such a struggle is now in progress between the Metropolitan and the Manhattan street transportation systems in New York. Another has practically ended in the acquisition by one of the Brooklyn systems of the others. And eventually, no doubt, the Brooklyn and the New York systems will all come under one control.

These are but examples of the tendency toward trusts of trusts. Nor need we look to railroading alone for such examples.

Telegraphy, telephoning, electric power and light supply, gas works, and the like, are all tending to consolidation.

First there are franchises to different corporations in a community. Then comes consolidation of franchises, until one corporation—essentially a trust—owns them all. That stage is followed by a consolidation of these interests in different communities under a central control—a central trust.

The best example of this stage of the disease, though it preceded in

point of time the stages that are logically first, is the Bell Telephone company, which is the central trust of all the local telephone trusts in the country.

Then, also, as to trusts generally, their evolution is similar.

Competing establishments in a given line of business, consolidate and form a trust. Their object, which may be in part to secure economy in production, is in other and perhaps greater part, to stop competition, and thus to limit production and increase or maintain prices, while holding wages in check.

Except as these combinations are buttressed with great legal privileges, they are, as we indicated last week, subject to a constant pressure, tending to produce disintegration. For competition is a vital social principle. Its operation may be obstructed by minor monopolies, but its force cannot be quite neutralized by anything short of perfect and complete monopoly. Consequently, until a trust or a series of trusts secures complete control of all the natural or landed resources which its operations require, it feels the force of competitive influences.

When one line of business, therefore, consolidates into one trust, and other more or less related lines consolidate into other trusts, these various trusts are by the same impulse that prompted them to form original trusts, prompted to form a trust of trusts. They thus consolidate under one control not only all the establishments in each line of business, but all the trusts in the different lines of business that are related, including the trusts that own the natural sources of supply.

This would make that trust of trusts invincible within its own sphere. Controlling the sources of its raw material, it could control the finished product. To use the expression we adopted last week, its feet would be upon the ground. But though it controlled its raw material, it might still be dependent for subsidiary products. In that case it would come into collision with the trust of trusts that had its feet upon the ground as to those products. Then a struggle would ensue, the result of

which would be the consolidation of these trusts of trusts.

Suppose, for illustration, that the steel manufacturing business were by processes of consolidation brought under the control of a trust which dominated the business, merely as a steel business, from beginning to end—owning everything, from finished product back to ore mines. That trust of trusts would have its feet upon the ground. But it must use coal; and here, let us say, is a trust of trusts which dominates the coal business, from delivery at your cellar door back to the mines from which coal is dug. That trust, too, has its feet upon the ground. In such a case the interests of these two trusts would certainly collide. They would bear somewhat the relation to each other that the Manhattan bears to the Metropolitan in New York; that the Central would bear to the Pennsylvania should they consolidate all minor roads under their management respectively; that different lines of business in the steel industry would have borne to one another before finally consolidating; that different establishments in that line would have borne to each other before the first steel trust. Collision or consolidation would be inevitable. And out of the collision, if it came, the steel trust and the coal trust would emerge as one.

That illustrates the trend of trusts. Following them from their beginnings, we find a tendency first to the consolidation of business of the same kind into trusts for those kinds of business respectively; then to the consolidation of trusts in kindred lines; then to the consolidation of those trusts as they come into collision with one another; and so on, each trust gaining power over its rivals as it secures a stronger and stronger foothold upon the ground.

Unhindered by fundamental reform, the organization of trusts and their absorption into trusts of trusts would eventuate in the ownership of all business by some gigantic trust, which would get its power as Antaeus got his, by planting its feet firmly upon the earth. Owning the earth, it would own men; and owning men, it would own all that they produce, from the simplest food to the most

marvelous machinery. The middle class would disappear, and only two classes would remain—beneficiaries of the trusts and their favorites on the one hand, and impoverished and dependent hirelings upon the other.

### III.

To this triumph of the trust most socialists look forward with satisfaction. They see in it the opportunity of the people to take possession not only of the earth but of the artificial instruments of production also, by dethroning the few trusts or the single trust that may acquire this vast ownership. They are satisfied because in this trend they discover signs of the evolution of public ownership. But in the trust phenomena there is little real cause for satisfaction.

As the evolution of the trust proceeds, trust employes become in greater and greater degree mere voting machines, registering at the polls not their own convictions, but their employers' commands.

How noticeable this already is in connection with the railroad trusts! Consider Arthur, the wealthy head of the society of locomotive engineers, who secures favors for his loyal supporters in the society by plumping their votes according to trust dictation! Think of the performance of Chauncey M. Depew, who appeared before a corralled audience of railroad workmen at Chicago to admonish them that their interest as railroad employes depends upon their fidelity to the railroad trust as voters!

This condition, only worse, would be universal, should the development of trusts proceed even approximately to the point that we have indicated as possible. And when the time came to dethrone the trusts, the trusts themselves—through their army of dependent voters—and not the convictions or the interests of the people, would decide the issue.

It might be that the trusts would decide in favor of their own dethronement. But if they did, they themselves would fix the terms.

In that case we may rest assured that the dethronement would be nominal. All land and all machinery might by their consent be turned over to

the government; but it would be at a price which the trusts would dictate, and to a government which they would continue to control.

### IV.

It is not by waiting until trusts own everything and then taking it from them, that the industrial question must be met.

The method of the doctor who managed a case of mysterious infantile illness by throwing the infant into fits because he was a fit specialist, and "death on fits," may be worthy the attention of schools of medicine; but the principle cannot be safely carried over into practical economics.

If the evils of the trust are to be overcome and its dangers avoided, the people must possess themselves in time of the point of vantage toward which the trust is advancing. Since the trust cannot survive without, Antaeus-like, getting its feet upon the ground, it is to be destroyed only as Antaeus was by keeping its feet off the ground.

That would be a simple matter. No revolution is necessary. No overturning of established customs or assault upon deep-rooted habits of thought is required. Nothing is needed but a transfer of all taxation from production to the value of natural opportunities to produce.

Let earth owners be taxed to the full annual value of their holdings, approximately, whether they use their holdings or not, and no trust could make money by restricting production. To restrict production would then bring speedy ruin upon whoever attempted it. Even railroad trusts, if rights of way were taxed well up to their monopoly value, would be compelled to utilize their opportunities to the utmost for the public good, or give way to men who would.

In saying this we are saying only what Henry George demonstrated. Whoever will read his immortal book, "Progress and Poverty," reading it with intelligent care, and, as Lowell says, "with heart wide open on the Godward side," will find in his plea for communal justice an unanswerable argument for a fundamental though simple reform within the atmosphere of which no oppressive trust could come and live.