

Vol.III #37

HENRY GEORGE.

ON THE GOVERNMENT CONTROL OF RAILROADS.

The Author of "Progress and Poverty" in Chicago

Daily Times, Aug. 26, 1894.

I am in favor, and from lessons first learned in California, have long been in favor of government ownership of telegraphs and railroads. I traveled four years ago through the principal Australian provinces, where all telegraphs and railroads are owned by the state, paying particular attention to this question. I met but one man who favored private ownership, and he obviously from an interested motive. The people of those countries would no more think of putting telegraphs and railroads in the hands of private corporations than we of giving the carriage of all letters to Wells, Fargo & Co. or of converting our public roads into private turnpikes. The only difficulty in government ownership I heard of there related to "political railways" - that is, railways urged by land speculators to increase the value of their land. But this difficulty exists wherever land speculation is permitted, and would be done away with by the single tax, as the Australians are likely to do away with it.

A democrat in the Jeffersonian sense, I regard every unnecessary extension of the functions of government as evil, and every intrusion of government into the proper sphere of individual enterprise as provocative of tyranny, corruption and spoliation. But these come also, and even more quickly from leaving what are properly government functions to private enterprise. And the maintenance of telegraphs and

railroads, the issuance of money, the supplying of cities with water and gas, etc., are as clearly governmental functions as the carrying of letters or the maintenance of common roads.

To speak of particularly the railroad: It is necessarily a monopoly, for in it competition can only operate at terminals, and even there ^{it} is certain ultimately to give way to combination in accordance with the dictum of Stephenson that "Railways will compete no longer than they can combine." Hence private management of railroads cannot give the good service and cheap rates that come from private management under competition. More important still, the private management of railroads does give opportunity for discrimination between locality and locality and citizen and citizen. I do not have to tell the people of my old State how this power enables the managers of a great railroad to cast down and build up; to destroy those who will not yield to their demands and help those who will submit or serve them, to levy blackmail on towns; to appropriate building sites and profitable opportunities; to compel merchants to show their books and pay illegal fines; to take control or compel a sharing in other private businesses from that of express companies and large industrial enterprises to the vending of peanuts and peddling of newspapers. The growth of California has been checked.

Checked by Railroad Monopoly.

San Francisco's movement toward the commercial place her geographical position entitles her to has been delayed by the repressive hand of power whose coming was hailed with delight. Talk about the danger of liberty involved in an assumption of the railroads by government! What was originally the Central Pacific has interfered with

~~with~~ the rights of the citizens as the most arbitrary government would not have dared to. What is true of California is true of all the far Western States. If it is not yet so strikingly true of the East, it is because, relatively to their development, the railroad is newer in the State of the East than in the West. The East was comparatively well grown when the railroad came in infancy; the West was in infancy when the railroad came leaping at once into mature growth and with enormous gifts from the government behind it. Thus the concentration of railroad power is not yet as great in the East as in the West, and its operations are perhaps not so striking, but what is to be seen in the West is also to be seen in the East, as witness the discriminations that have made the Standard Oil and similar trusts, and that enable a few men sitting in a New York office to control the mining and selling of coal over a great part of the country by furnishing or not furnishing transportation as they please.

It must be remembered, moreover, that the private ownership of railroads does not give that safeguard of intelligent self-interest which attaches even to monopolies managed by their owners, for the railroads are not managed by their owners, or in the interest of their owners. How many of the great railroads of the country are to-day in the hands of receivers? The accepted principle of railroad management is not the benefit of the people, nor yet the benefit of the real owners, but the enrichment of inside rings, who at once rob both people and owners. Talk about conserving the interests of widows and orphans and preserving the credit of the American investment! How have the interests of widows and orphans been conserved and foreign investors treated in the Pacific roads and in such eastern roads as

the Erie and the Reading? In the private ownership of railroads we do not really get the benefits of private ownership. Practically we put the great avenues of trade and transportation into the hands of bandit chiefs who gamble and fight for the privilege of plunder. And this is inevitable until either the government takes the railroads or they are concentrated in the ownership of that coming multi-millionaire who even now may be buying disputed land titles like young Gould or driving an ox-team like young Stanford - the coming multi-billionaire who in concentrating the ownership of the railroads in one hand will at the same time concentrate the control of government.

Dominated by the Railroads.

For so truly is the management of railroads a government function that the two cannot be kept apart. What was said long ago, that the government must own the railroads or the railroads would own the government, must now be clear even to the politically blind. Since 1871 the Central Pacific has controlled the government of California, and with rare exceptions, such as Sumner and Maguire, its federal representatives. And what American State is there in which the railroads do not, in all they wish, control the government and send representatives to Congress? And now the combined railroad power, linked with other monopolies as it is, seems to have assumed control of the national government and all its branches.

This is not strange. A Caesar, a Cromwell, a Napoleon, clothed with arbitrary power, might curb such leviathans, but popular government can not, unless it takes possession of them. For though the power of the people in popular government is irresistible, it can only be exerted on large and clear measures and not steadily and in de-

tails. A compact special interest, by reason of its intelligence and flexibility, its more certain perception of its needs, its quicker recognition and clearer memory of its friends and the greater prizes it can offer, is more than a match in the long run, and in details for larger, but vaguer, general interests, having as to them the advantage which a standing army has over a larger mob. It can not merely buy able men to openly take its side, it can buy men to assume the side of the people only to betray it. It is not necessary for me to illustrate all this to Californians.

To most of us the idea of government assumption of the ownership of the railroads, with their masses of employes and great revenues, is at first appalling. But the civil service principle would have of necessity to be applied, and I believe with Tom. L. Johnson that the ultimate principle of railroad management is that railroads should be run without charge and their expenses defrayed by the single tax - on the same principle on which elevators in large buildings are run. This at least I think clear: A small weight hung to a horse's neck or tied to his tail will worry and stop an animal who could carry comfortably a large weight on his back. A ship in mid-ocean if she were to drop anchor and pay out cable, leaving them merely attached to her, would be relieved by some weight, but would become utterly unmanageable, whereas when her whole weight is assumed and they are made part of the ship by being properly stowed on board they do not interfere with her movements. So is the danger of corrupting government far greater when pecuniary interests are merely concerned in it than when they are absorbed by it.

What Experience Has Demonstrated.

This is a lesson of experience in municipality, state and nation. Privately owned waterworks are far more corruptive in municipal politics than municipal waterworks. The New York Central is more corruptive than the Erie Canal; the Western Union, with its passes to public men, its influence over the press and its money when needed is far more corruptive in the nation than the whole postoffice department, and even a miserable little collars and cuffs factory or Chinese-manned borax works interested in the government through the tariff can tax the people of the whole Union. The railroads are not merely tempted to take an interest in government, they are forced to. The only way to seriously lessen, if not to end, their corruptive power is to have the government to take them, and the opportunity to do so is opened, nay almost forced upon us, in the Pacific roads.

The idea of a great national road owned by government and free to the people is not new to us. The old national road, begun by the Federal Government before the railroad era, still runs through a number of the Eastern States. It was this idea of a great national highway that should link in closer bonds the people of different sections that was the excuse for first giving the land grant to the Illinois Central, and then the excuse for giving the enormous subsidies to the Pacific roads and their branches. But the idea of a national road with rails on it was then new. And so, instead of having these (the people, they were built with government contributions by & for) roads built with government contributions by and for various gangs, of which Stanford, Huntington, Crocker and their associates were types,

in most cases, except that of the Central Pacific, one gang selling out to another gang, and taking for themselves all there was in sight. On the California end, and it was hardly exceptional, the corruption began at once. The credit of the nation, advanced for the building of the great national highway, was used to bribe voters, to purchase supervisors, to subsidize newspapers, to retain lawyers with hush money, to strike down opponents, and to get control of all public officials whose services the gang needed. Even Lincoln was fooled into officially moving the Sierra Nevada mountains down to within a few miles of the Sacramento River. No one who knows anything of the building of the Pacific ~~roads~~ ^{at the government expense and under government officials could have begun to approach the corruption which has come from having them built by private corporations.} (will say that the corruption involved in the direct building of the Pacific ~~roads~~ ^{at the government expense and under government officials could have begun to approach the corruption which has come from having them built by private corporations.} (will say that the corruption involved in the direct building of the Pacific roads)

The Common-Sense Course.

Now the Pacific roads are bankrupt, unless it be the Southern, whose assets have been swelled by the "gutting" of the Central, and to get back what was advanced, not what was given, the government must take the roads themselves. The only alternative is to virtually advance again the money due the government with reduced interest, and, it is coolly proposed, for 50 years more, to the same kind of management.

Have we not had enough of such management of national highways? The common-sense course is for the National Government to foreclose on the roads which have defaulted in their obligations, take them into their own hands, and build what link is needed to give the nation one double track steel highway, with the annexed telegraph line as an adjunct to the Post Office Department, from Atlantic to Pacific, running

them at a uniform rate of fares and freights, the lowest that would meet the expenses. This one great national road would not merely furnish a great object lesson, but it would largely end the pooling and other combinations of the privately owned roads.

It is said that a double track, perfectly equipped railroad could be built and run free between New York and Philadelphia at no greater expense than is involved in the building and maintenance in service of a single one of our recent first-class war ships, such as the New York or Chicago. Let us sacrifice all our war ships to the building and maintenance of this first great national highway. We do not need the war ships any more than we need a standing army. The real, underlying motive in their building is the underlying motive in the maintenance of a standing army of 25,000 men, and the massing of it in ready access of the great cities - the unquiet fear of the possessors of ill-gotten wealth, which makes them desire "strong government." A "strong government" in that sense has always proved the death of free government. We do not need the war ships, we do need the great national highway.

I sympathize with those who would weigh well and carefully anything like such seeming extension of the functions of government as is involved in government ownership and management of railroads. But what is the alternative? We cannot escape steam and electricity and the mighty forces they typify. The changes they are bringing in industrial life require changes in governmental form. Indeed, the management of railroads is, now is, a governmental function. The real question is, whether this function shall be exercised by government

responsible to the people or by government irresponsible to the people? And if we must extend the province of responsible government in one direction we can simplify it in another. We are creating monstrous fortunes in the way that emperors, czars and kings have always created them - by giving away the power of robbing labor.

Rests All the Burden on the Poor.

Our system of indirect taxation, involving, as it does, the robbery of the tariff and the resting of the burden of providing even State and municipal taxes on the backs of the poor, is vastly more corruptive of government than the assumption of all necessary monopolies could be. And at the bottom of the slough of corruption into which popular government with us is steadily falling, there is that which wrought the corruption that overwhelmed Rome - "quiritary ownership of land",; the attaching to land of the same full right of ownership which justly and naturally attaches only to the products of labor with its consequence, the reduction of the masses to tenantry.

Monopoly has grown so great and powerful that any blow at it to be successful must aim low and strike hard. The vital point with the railroad monopoly is that of railroad ownership, but the vital point with all the linked monopolies-- the point without which we gain ^{nothing} all else will not avail - is the ownership of land, or rather, to speak with precision, the ownership of economic rent.

All history shows that there is a point in the life of nations beyond which liberty once lost can never be regained. There remains only such order as can be kept by standing armies, the tyrant or dictator, bloodshed, and finally destruction. The day of grace with us is

passing. I live in a city where republican government has clearly broken down, where an ex-mayor - the cultured gentleman who saved Tammany in 1886, and so is conservative authority - recently declared that a larger sum is collected by officials as blackmail than the whole amount of city taxes; a city where some citizens starve and many commit suicide, and thousands of children die of poverty, and beggars infest the streets, though millions are spent in organized charity, and where other citizens live in palaces and enjoy incomes greater than that of European dukes and princes. And here in the stillness of eastern pines I read of what has been going on in my old home, where once gaunt poverty was unknown of violence, of the destruction of property, and of bloodshed; of the unlimbering of Gatling guns, and the gleam of federal bayonets on the Sacramento levee, where I stood to see the formal lifting of the first spadeful of earth in the building of the transcontinental railroad.

The traditions of my childhood, the reading and reflection of my mature years, make me more afraid of the preservation of order among our own people by a standing army than I would be of any foreign invasion. When the republic really needs a standing army to preserve order among her own citizens the thoughtful have reason to fear for the republic.

Monticello, Sullivan County, N.Y., July 27, 1894.

Sept. 13, 1894.