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JUNIOR WHY?

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A SINGLE TAX VIEW OF TRUSTS

By Louis F. Post



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A SINGLE TAX VIEW OF TRUSTS.

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We recognize that there might be such a thing as a good trust. There might be commercial combinations that would reduce prices by economizing. They would indeed displace men, as machinery and other labor-saving methods do; but under just and normal conditions, there would be abundant opportunities for all who are displaced. Immediate demands for them in kindred occupations would constantly exceed the supply. Such trusts would tend to improve social conditions, instead of making them worse. Those are the kind of trusts which our pro-trust friends have in mind when they defend the trust. But in fact there is no such trust in existence to-day, and under prevailing industrial conditions there can be no such trust.

The trust question as it faces us is not a question of business combination. It is a question of legal monopoly. If competitive conditions prevail, combinations of competitive businesses would do no harm. They would have to do good or they could

not keep the combination alive. But when businesses control legal monopolies and form combinations of these, then you have harmful trusts. And that is the kind of trust we have to-day—the kind of trust of which we complain. The trust question, I repeat, is at bottom not a question of business combinations, but a question of legal monopoly. It is not to be dealt with by restrictive laws, operating upon methods and effects. That would only make bad conditions worse. You have got to get beneath the methods and effects and get at the causes of these bad trusts. You have got to strike at the monopolies which give them their power. Abolish the legal monopolies that underlie trusts, and trusts will disappear.

Take any trust which on its face seems to be a combination of mere competitive interests. If it were so in fact, it would be a good or at least harmless trust. But scrutinize it and you will find that somehow, directly or indirectly, it depends for its power upon monopoly. It may have no monopoly by name. It may simply be taking advantage of general laws. It may depend, for example, upon the restrictions upon free competition which are imposed by tariffs. To the extent that the tariff

narrows the field of competition, to that extent it fosters trusts. One of the very objects of the tariff is to produce that condition of strangled competition, without which trusts could not live. If we wish to get rid of trusts, we must sweep away the tariff and make trade as free between the people of the world as it is between the people of our states.

While single tax men demand the abolition of the tariff—offering in its place for revenue purposes an infinitely wiser and juster system of taxation, they do not suppose that the abolition of the tariff would abolish all trusts. It would abolish a good many, and weaken the foundation of a good many more. But trusts would still be fostered by other and more direct systems of legal monopolies.

Take the railroad for instance. That is a highway, and in private hands is a highway monopoly. The monopoly is not in the cars, or tracks, or tunnels, or buildings, or anything of that sort. It is in the right of way—in the land that constitutes the “way” as distinguished from the structure. These highways connect places, and to control them is to control traffic. Railroad corporations can form oppressive trusts because they control highway monopolies.

They can and they do more than that. They make exclusive contracts with business concerns, which form trusts upon the basis of special railroad privileges. One of the most familiar examples of this subletting of railroad highways is furnished by express companies. Express companies thereby acquire monopolies of right of way, and can form oppressive trusts by combining these monopolies into one. Express companies are only one class of concerns deriving monopoly privileges in that way. There are others. The Standard Oil trust built up its power in precisely that way. The cracker trust is said to have privileges of this kind. And doubtless, if you inquire closely, you will learn that a trust with an innocent face derives its power from railroad privileges. Highway monopolies, then, must be abolished, if we would free ourselves from vicious trusts.

But even if that were done, trusts would still have a firm foundation to build upon. No trust can perpetuate itself *unless it gets its feet upon the ground*. All the advantages of tariffs and railway privileges and other monopolies will not avail trusts that come in conflict with hostile trusts which monopolize sources of supply and distributive points. Monopoly of land,

then, is the ultimate basis of the trust. It is an absolute condition to success that the trust have its feet upon the earth.

This has been discovered by the great trusts. The steel trust and copper trust go back to the land and make ore mines part of their property, while the coal transporting trust of the anthracite region is careful to secure not only highways but coal mines. Railroad monopoly itself is being subjected to the more powerful monopoly of land at terminal points.

Let us follow the idea a little further. The control of trusts by trusts is clearly among the possibilities of trust development. As partnerships have merged into corporations and corporations into trusts, so will trusts merge into trusts of trusts, and finally into one all powerful trust. That is the tendency. It is already manifest, and will be a thing accomplished unless we kill the trust system.

Suppose, for example, that the steel trust should reach out until it controls all the ore mines. It would then have its feet upon the ground, and no competitor in the steel business could cope with it. But it must use coal, and here let us suppose, is one coal trust which has reached out until it controls all the coal mines. It,

too, has its feet upon the ground. Suppose now that the interests of these trusts collide, and what would be the outcome but the consolidation of the two into one? That illustrates the trend of the trusts. And if not stopped, that trend will persist until the the organization of trusts and their absorption into trusts of trusts eventuate in the ownership of all business by some gigantic combination.

To that triumph of the trusts 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 single trust under whose control all business will have come. But there is no real cause for satisfaction in that. As the evolution of the trusts proceed, trust employes become in greater and greater degree mere voting machines. It is not their convictions as citizens that they register at the polls. They vote as they are ordered to. This condition would be enormously worse if the development of the trusts proceed even approximately to the point of a universal trust. And when the time came to dethrone the trusts, the voice of the people would be stifled. The trusts themselves would decide the issue. They

would do it through the army of dependent voters whose livelihood they would control. It might be that they would decide in favor of the substitution of such a government trust as the socialists look forward to. But if they did, they themselves would fix the terms. All land and all machinery might by their consent and with the votes of their dependents be turned over to the government, but it would be for a price that the trust magnates would dictate and to a government which they would control.

It is not by waiting until trusts own everything and then taking it from them that the trust question must be met. We must kill the trust by securing in time the point of vantage toward which it is advancing. We must keep its feet off the ground.

Since trusts, in order to survive, must get their feet upon the ground, must control the earth at the points of supply and the points of distribution, the abolition of all monopolies except land monopoly would fail to abolish them. By acquiring control of the land they would control everything else. So it is that single tax men, though they would abolish the tariff, though they would abolish highway monopolies, though they would repeal every law that creates or supports monopoly, they would not stop there.

They would strike at the mother monopoly of all. They would abolish the monopoly of land.

To do that they propose nothing revolutionary. Revolution is not necessary. All that is necessary is to tax into the public treasury the peculiar value that attaches to especially advantageous locations. If that were done, no man or combination of men, whether incorporated or not, could monopolize the sources of supply or the points of distribution without paying annually to the public the value of the privilege. That would deprive them of all advantage over others. It would lift their feet off the ground.

You remember the classic fable of Hercules and Antæus. Hercules with all his strength could not conquer Antæus so long as Antæus could touch the earth. But when Hercules discovered wherein the power of his adversary lay, he lifted Antæus from the earth and then destroyed him with ease. The trusts are the modern Antæus. Let the people lift them from the earth and the battle against them will be won.