

case, taking the entire rent in taxation and taxing the full cost of government against the land value would by synonymous terms and the practical result would be the same.

But Mr. Ogden does not look forward to this. He expects that a share of the rent shall be left to the individual as a reward of merit for using valuable land to its full capacity. Probably the result he desires will come about in another way as a result of competition; the more energetic people will bid highest for the best locations because they can best use them and make them yield the rental tax, and because they will be able to make better wages on such locations, and thus get their reward in another form.

But to preach as a positive doctrine that the Single Tax means leaving to land owners one-half the rent so they will be encouraged to put the land to good use, is to lose sight entirely of the aims and teachings of Henry George. The term "Single Tax" applied to his philosophy was not of his coining or seeking. He did not write his book in order to perfect our tax system. He wrote it because the sight of his fellowmen in poverty and degradation would not let him rest until he found the cause and the remedy. What he preached was the abolition of that control over the earth which gives some men the power to enslave others. His philosophy was that of equal freedom extended to all human and social relations, including equal access to the storehouse of nature. He taught that the right of the individual to what he produces is just, and that it is violated when rent is taken by private individuals. He lived and worked and died for the liberty of every man to live his life and employ his labor and enjoy the fruits thereof, subject only to the equal rights of others. Whether the preaching of this gospel shall be ineffective is not for us who have to thank him for teaching it to say. To us, it is true; by us it will be preached.

A. C. PLEYDELL.

## PUBLIC OWNERSHIP OF PUBLIC UTILITIES.

Extracts from Pamphlet Prepared for the Radical Democracy of Brooklyn.

By JOSEPH DANA MILLER.

The objections sometimes raised to public ownership of public utilities—gas, electric lighting, street railroads, telephones, etc.—is that it would be to bring them into politics. The reply to this is that they are already there. Politics is the very life of these "public service corporations," and it is the alliance between the two which leaves the public in its present helpless condition.

It is through the secret agreements of these bodies with the "bosses" who control the nominations of representatives that the latter have grown enormously rich. We sometimes speak of these great public franchises as having been "given away." This is an accurate statement so far as the people themselves are concerned, but nobody supposes that they cost nothing. It is the return of such gifts, and not the lesser graft from pool rooms and gambling houses, that is the secret of the mysteriously acquired fortunes of the political bosses of the cities.

These are the pearls of the political fortune hunter, the rich assets of the municipalities, which with reckless prodigality the cities have thrown away. Half the corruption in municipal politics is due to the "farming out" of these special privileges, just as in earlier times the "farming out" of tax collections led to the same kind of corruption until the Government was obliged to assume its own natural function of tax collector.

## BRIBERY OF PUBLIC OFFICIALS AND THE PUBLIC PRESS.

Quite as subtle a form of hoodwinking the public as to the underground measures by which they are cheated and robbed is the bribery of the public press. So overwhelming is the sentiment in favor of municipal ownership that a large circulation is to be obtained by any newspaper that will zealously and ably advocate the taking over of these public utilities. So strong is this sentiment that wherever the people have been called upon to record themselves at the polls, the expression has been immediate and decisive. Chicago voters, at the first opportunity presented, signified their decision by a vote of 5 to 1.

It is well-known that the legislature of the State of New York is dominated by corporate influences, banded to prevent the people of the metropolis from recording themselves on this question. The sentiment in New York City is so strongly in favor, that if submitted to a popular vote, no one dares to question but that the result would be even more pronounced in favor than that which was recorded in Chicago.

And the great "organs of public opinion" are almost universally in opposition to the wishes of a majority of their readers. For this there can be but one explanation.

A subtle form of bribery reaches the powers that control the policy of these papers, for newspapers nowadays are no longer controlled by individuals independent of dictation as in the age of Raymond and Greeley. These corporate bodies, called "public-service corporations," but which may more properly be designated organizations for public spoliation, may exasperate every decent sentiment by failing to meet the needs of the people, and their course will excite but small opposition from the newspapers with which they have become secretly allied. The newspapers are either silent, or at most but mildly condemnatory.

## STOCK WATERING AND TAX DODGING.

The immensely watered stocks of these corporations, while designed to deceive by presenting an apparent table of small earnings, ought rather to open the eyes of the public to the measure of the extortion. Such inflation is a symptom, and not itself the evil. But when the capitalization of gas companies on the average rises to \$8 and \$10 per thousand feet, and in some cities to \$20 per thousand feet, it indicates how great is the robbery practiced under legal sanction. In Boston the Bay State Gas Company was capitalized at \$5,000,000 on an actual cash expenditure of \$750,000. "The capitalization of the Metropolitan Railway lines is more than twenty-three times their real value."—Parsons, *The City for the People*.

The New York Senate investigation showed that the New York gas companies netted a steady income of nearly 40 per cent. on the value of the total investment. In 1893 legislative investigation showed that they were receiving a return of nearly 60 per cent. on actual investment. But the city of Cleveland went many points better, its gas company receiving 140 per cent. on actual investment.

Mr. Edward Higgins, an authority on street railways, though far from friendly to municipal ownership, is authority for the statement that in cities of from one hundred to five hundred thousand inhabitants, the street railways net from 15 to 25 per cent., and this estimate is far too conservative. From 1890 to 1897, at a time of industrial depression, the railroads showed greatly increased earnings. Investigation revealed the net earnings of the Metropolitan Telephone Company in six years to be 474 per cent.

Enough may be gathered, even from the most superficial examination, to disclose the extent of these monopoly incomes. It was brought out in the examination of the gas companies of Cleveland that an original in-

vestor of \$1,000 was in receipt of 144 per cent. annually on such cash investment made forty years before. When John McIlhenny, of Philadelphia, was asked in court his opinion of this, he said: "That is nothing unusual in this country. It is about the history of all prosperous gas works."

These are but a few of the examples that can be cited, showing how great is the tribute poured into the coffers of those who control the natural monopolies of the cities. These values are not the creations of these corporations—they are not due to ability, to administrative wisdom, save in very small measure; on the contrary, these values are made by all the people, and equity dictates they should be utilized, not for the enrichment of a few, but to minister to the comfort and convenience of all.

These corporations are chief among tax dodgers. In all States they pay in less proportion upon the value of their property than the farmers, workers and merchants. Locally they evade even the legal rate of taxation to which they are subjected. They avail themselves of every pretext to escape their small share of taxes. The Third Avenue Manhattan Line refused to pay anything to the city when it substituted cable for horse cars on the ground that license fees were imposed on horse cars only. The books of the department of arrears of the city of Brooklyn reveal that the city in 1892 canceled by agreement with the elevated roads the enormous sum of \$633,811 of unpaid taxes for that and previous years. Again in 1895 the city was forced to take action against these roads, the Brooklyn Elevated road, the Kings County Elevated road and the Union Elevated road, for taxes remaining unpaid for the years 1893-1894-1895.

The roads now contested the city's claim on the ground that the city's assessed valuation (\$170,000 per mile) included not only the structure, but the value of the franchise as well. They had agreed at the time of the compromise in 1892 to a \$200,000 valuation per mile. Yet the entire bonded indebtedness of these roads was at this time \$12,968,000, or \$766,883.50 per mile of double track, and these bonds were quoted in Wall Street at par. So if \$170,000 per mile did not represent the actual value of the structure per mile, but really included part of the value of the franchise, then by the road's own showing the startling fact stands revealed that the city had given away for nothing the use of its public streets worth at least \$596,883.50 per mile, or more than ten millions in all. And in return for this prodigal munificence the city must forego even its meager taxes levied on a valuation much less than one-third the actual value of the roads. This is all part of the record, and is gathered from the report made to Mayor Schieren by Mr. Fred. W. Hinrichs, the Registrar of Arrears in 1895.

#### EXTORTIONATE CHARGES.

A demonstration that the limit of price is determined only by the existing public spirit is furnished by the varying scale of prices in different cities for the supply of gas, electric lighting, etc., and equally, though curiously enough, by the uniform rate charged for street-car rides in all cities, no matter how the population is distributed, though in cities abroad, where the street railways are publicly owned, the fare varies with the distance traveled. Local conditions exist which to some extent may affect cost, and an invariable charge is not, therefore, to be looked for. But investigation shows such a margin between charges and cost of production that it is clear these charges are the extortion of monopolies; and it is only what can be expected. Extortion is a consequence of private monopoly.

There is abundant demonstration that what the people are paying for these services are out of all proportion to their true value. The prevailing 5-cent fares for street-car rides could be reduced under public

ownership in all of our larger cities to a 3-cent fare, and in some cities a 2-cent fare would be profitable. This was shown by statistics gathered in 1896, which revealed the actual cost of carrying passengers in New York per trip as follows: Electric, 1.93 cents; cable electric, 2.64 cents; horse cars, 3.1 cents.

That a 3-cent fare is nearly everywhere practicable is shown by the offer of responsible parties to provide equivalent service at half the prevailing fare in Detroit, Chicago, Cleveland and other cities. The same is equally true of Brooklyn and of all cities of dense population.

The assumption by cities of their water supply has everywhere resulted in giving the people cheaper water. "Rarely," says Mr. Parsons, in his *City for the People*, "has a city begun to talk of public ownership but the movement has been met by the assertion of the private companies that the service cost about as much as was being paid for it, and that the city would lose money if it went into the business; and rarely has a city disregarded these statements and established municipal ownership without discovering that such assertions were utterly baseless."

Passing now to another branch of "public-service corporations," we may cite the experience of Minneapolis, in which a company offered to erect an electric lighting plant of a thousand lights and sell to the city at the end of five years for one dollar if in the meantime it might continue to supply the city at the same rate then paid to the existing company.

Statistics have been collected that show the average cost of electric lighting in the United States by private companies to be 5 cents per candlepower. The charge in twenty-four cities operated by private enterprise is 2.5 cents per candlepower. So, too, the charge of private water companies average 43 per cent. higher than the charge of public works for the same service.

Businesses not subject to competition and lodged in private hands must in their very nature fail in point of the highest excellence of service. They will give a service only as good as the people will take and not rebel. They are restrained only by considerations of public anger, such as would resistlessly demand the revocation of their charters. But this is revolution, and among a people slow to protest, and slower still to revolt, these owners of "public-service corporations" are safe, and will give the community such railroad service as the people put up with to-day—poorly lighted, ill-ventilated, badly heated cars—being careful only to advance to the point of universal exasperation, but never beyond it.

Private businesses, whose profits are remorselessly cut down by the keenest competition, cannot afford to look with indifference upon these noncompetitive monopolies which evade their just taxes and defy public sentiment with such inadequate service. These corporations soon make an end of competition. The element of monopoly leads inevitably to full and complete monopoly. Competing railways soon pass under one single head, competing gas companies are soon absorbed under one control. It being to their interest and within their power to combine, even the laws against combination prove to be ineffective. Montreal has recently had an experience with competing gas and electric-lighting companies. Thinking itself secured by competition against excessive charges, it went heedlessly on its way until the corporation finding the citizens unprepared, effected a consolidation, increased their charges, and now threaten a further increase. "Competition," says Professor Ely, an authority on the subject of franchises, "has been tried 1,000, probably 2,000 times, but never has been and never can be permanent."



## INCIDENTAL ABUSES—LONG TERM FRANCHISES.

The abuses of private ownership are many. But among the most flagrant are the long-term franchises, which by their failure to anticipate all possible improvements offer rewards to investors totally disproportionate to risk. To fix the possibilities of railroad development within fifty, thirty, or even ten years, is manifestly an injustice to the people. When the Sixth and Eighth avenue Manhattan lines applied for permission to substitute electricity for horse power, the enormously increased value of the franchise was so clear that the Commissioner of Public Works was enjoined from issuing a permit. But the right of the city to acquire the property was denied by the Court of Appeals.

New York has a limit of twenty-five years upon the franchises it may grant, except in the case of railroad tunnels, where the limit is fifty years. Some States place no limit of time at all upon their franchises, but other States, with a keener regard for the rights of an indefinite posterity, limit them to ninety-nine years, which is one of the humors of such legislation. The cities which give these long-term franchises discount all possible progress in the arts, all invention, all improved economies. But the recipients of these priceless gifts, with a fuller perception of their values, proceed at once to capitalize them at something like a real approximation. Thus the Metropolitan line, whose equipment was reported by the company at \$42,222 per mile, is capitalized at \$2,275,000 per mile of road owned.

So palpable is the injustice of these long-term franchises that Dr. Albert Shaw, author of "Municipal Governments in Great Britain," and one of the best-informed men on municipal problems in America, writing in the *Independent* in May, 1897, used this strong language: "Any man claiming intelligence, and occupying an official position, whether in a legislative or municipal government, who works, speaks and votes for measures intended to make it easy for a great corporation to get 50-year franchises is *prima facie* a rascal."

## BENEFITS OF PUBLIC OWNERSHIP—PUBLIC OWNERSHIP WILL AWAKEN CIVIC RESPONSIBILITY.

The "spoils system," from which so many dangers are anticipated under public ownership, will be greatly lessened by the aroused civic scrutiny attendant upon a greater civic responsibility. Indeed, experience has shown one to be the complement of the other, for the demand for public ownership arises from a perception that civic corruption owes nine-tenths of its origin to the private ownership of public utilities. So while it is desirable that the civil service standard be maintained for the efficient management of these utilities by government, such increased activities will do much to perfect it. Honest men of exceptional ability who now shrink from active participation in public affairs will have inducements to enter politics that they do not now possess.

Certainly many corrupting influences we would manifestly escape under public ownership. Stock juggling and the deluding of investors would at least be done away with. The wholesale corruption of our jury system, which is now beginning, would be halted at the very threshold, where it threatens to undermine that institution. Political corruption must inevitably attend a system of private ownership of public utilities. The citizens of New Orleans have not forgotten the corrupt politics that grew out of a privately owned sewer.

The corrupting relations existing between city officials and private corporations dependent for advantages upon governmental favors will cease, and the very wealthy men, whose wealth is now used to tempt officials to forget their duties to the people, will have the same interest as other mem-

bers of the community in a government administered for the welfare and to the equal advantage of all. This will weaken and undermine "bossism," and go far toward destroying it altogether. "Good government is an impossibility," said the late Governor Pingree, "while valuable franchises are to be had and can be obtained by the corrupt use of money in bribing public officials."

**PUBLIC OWNERSHIP AND LABOR—IMPROVED CIVIL SERVICE, HIGHER WAGES,  
AND ASSURED POSITIONS.**

"Public-service corporations" owe to the public certain duties which are paramount over all questions affecting their relation to their employees. Private employers of labor have no such intimate relation. They may shut down their stores or factories in the event of a strike, and but a small part of the community be seriously affected. They may refuse to employ union labor, and their decision is wholly their own affair. Not so with public-service corporations. The disturbance incidental to the settlement of such questions affects intimately the welfare or convenience of every member of the community. The loss involved in protracted struggles is universally felt.

Nor has the community any real interest in the attempts of these corporations to suppress trades unionism. The recent movement of the traction companies of Jersey City and vicinity to compel their employees to deposit photographs of themselves—a sort of workingmen's "rogues' gallery"—points to a movement certain to extend, which may be used for the general boycotting by allied companies of employees objectionable on the score of inconvenient labor union sentiments. In all of this the public has no general concern, though the laboring man who by his vote is responsible for the creation of these great corporations ought to feel a very lively interest. But in a test of power that might arise between unionism, including hundreds of thousands of workingmen, and a score or more allied companies serving ten million of the population, the public would be the chief sufferer.

Public ownership disposes of all this. It will guarantee to the worker assured positions, shorter hours, and higher pay. Such has been the experience here and abroad. Where resort has been had to public ownership in the United States and Great Britain, wages have been increased in every instance. This increases the cost of production in one direction, but with the wiping out of monopoly profits charges to the public are much less. Even the actual cost of labor is less, if we reckon as labor cost the extravagant salaries paid to the officials of these corporations.

Ten of these officials, with H. H. Vreeland, president of the Metropolitan Traction Company, at their head, were said a few years ago to be in receipt of salaries aggregating \$650,000 a year, and excessive compensations of this sort have not fallen since then.

The employees of the public service would be more amply protected in their right to employment than now, with their jobs in many cases dependent upon political favor. Measures for their safety and convenience will be more easy of adoption. Street railway employees will recall the desperate contest everywhere necessary to secure vestibules for the motor-men.

**PUBLIC MANAGEMENT MORE RESPONSIVE TO PUBLIC SENTIMENT THAN PRIVATE  
MANAGEMENT.**

Under public ownership the demands of the community for better service, greater safety and reduced charges would be accorded a more respectful hearing. The party in power, in its anxiety to retain power, would do its utmost to maintain efficiency and low cost of service. The

temptation to connive at evasions of the laws intended to secure efficiency would be removed, and measures for the safety of the community could then be enforced by the direct means of calling to account the public officials of the city, and those guilty of infractions of such measures could be reached and punished at the polls.

**PUBLIC OWNERSHIP A STIMULUS TO PUBLIC SPIRIT AND CIVIC PRIDE.**

A consciousness of direct ownership by the citizen in these great public services would do much to awaken public spirit and civic pride, traits in a large measure lacking in our municipalities because of the irresponsible character of our city government, and the small measure of direct control exercised by the voter over those functions which constitute so intimate a part of his public conduct.

**ALL THESE ADVANTAGES REALIZED IN ACTUAL EXPERIENCE—EXPERIMENTS HERE AND IN GREAT BRITAIN.**

Municipal ownership is no longer an untried experiment. The United States has over 400 municipal electric-lighting plants. Of the 50 largest cities in the country 21 originally built and owned their own water-works, 20 have changed from private to public ownership, and only 9 are now dependent upon private companies. At the rate that the tide of municipal ownership sentiment is rising, the total absorption of all franchises by the cities is a matter of a comparatively short time. The higher the development of a community the greater the percentage of public works. Thus, up to 1899, 205 changes had been made in the United States from private to public ownership, and in the number of such changes New York and Massachusetts led.

In all cases the charges to the public are less under municipal ownership. Professor Bemis, than whom no better authority can be cited, obtained data from 700 electric-lighting plants, public and private, and in all cases the charges of public plants were less.

**IF PUBLIC OWNERSHIP SUCCEEDS IN GREAT BRITAIN, WHY NOT HERE?**

It is sometimes urged that success abroad in matters of public ownership affords no reason why American cities would succeed in like attempts. Yet if one such experiment chance to fail it is immediately hailed as a reason why American cities should not make the attempt. With the opponents of municipal ownership isolated failures (and there have been a few, to which it is needless now to refer) point a moral, while successes, however numerous and brilliant, are proof of nothing in particular. There is no reason, of course, why public ownership because it succeeds in one place should therefore succeed in the same measure in all places.

There are local reasons that will account for marked successes, just as there are local reasons that will account for the insignificant number of failures. But proof points to the fact that these local reasons that make for success are all but universal. Such are the number and variety of the successful management of public functions that they furnish proof, if not of a strictly definite yet of an overwhelming character as to the wisdom of such course. And the comparison that is perfectly fair is not that between here and abroad, but such as have been instituted here and abroad between public and private ownership where both have been tried. It ought to be said, too, in any reference to comparative price of service here and abroad that it has not been the policy of the British cities to supply such services at cost, but to make them a source of profit to the cities and thus to permit of a remission of taxes. It will thus be seen that the advantages are much greater than the figures show.