

Public Ownership vs. Private Industry

In the September issue of *The Henry George News*, Gilbert M. Tucker asks the question, "Shall We Soak the Utilities?" He states the fact that certain businesses like gas and electric companies are necessarily monopolies and that the Henry George answer was that the best way to control them was through public ownership. I am thoroughly convinced that George was right. Boards of control have pretty much always shown themselves to be under the control of the monopolies that they are supposed to regulate. Companies holding franchises feel that they must protect themselves and so they go into politics to see that the men who appoint these regulating commissions are favorable to their interests. Great lobbies are employed, newspapers and magazines are subsidized through advertising, speakers are furnished for service clubs, etc.

Those countries that have public ownership of such monopolies have found it the best answer as to what we should do. I would cite the Scandinavian countries as having good results. Public ownership should be accompanied by a democratic government so that it can be modified or abandoned at the will of the electorate. Public ownership in Russia seems far from socialistic. It is government ownership and the government is not representative of the people.

As to the question of taxing privately-owned utilities, the answer is that they have a monopoly on a necessity which makes it especially easy to pass on their taxes to the consumer. Publicly-

owned utilities producing revenue should be taxed the same as private companies. Taxes to maintain schools, cities, counties and states should have their part of the revenue alike under public and private ownership.

In a recent yearly statement by the city of Winnipeg you will find that they are supplying their citizens with electric current at an average of less than one cent the kilowatt-hour and their rate for heating and cooking is much less than that. Low electric rates are necessary for efficiency and for the comforts of life. It is unfortunate that most of these companies think it is necessary to maintain high rates to obtain good profits. They leave out the factor of volume of business. Electric current can be made to serve all classes of people cheaper and better for heat, light and power than through other media. Of course, any taxes levied will have to be paid by the consumer, but that is true of any other business. Any company having a monopoly of anything as necessary as gas, water, or electricity, can absorb or pass on their taxes much more easily than one who has open competition to cope with.

Henry George was right. Business that cannot be made competitive should be taken over by the public. The experience of many of our communities has proved the wisdom of this.

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Opinion as to the better method of handling the "utilities" question depends largely on the basic facts obtainable and on one's own experience and contacts. Quite possibly in Colorado, where politics are pure and unsullied, public ownership may be the answer but I cannot see it in the effete East. Here in the capital of New York State, politics are not always of pristine purity.

My mind goes back to the misrepresentation indulged in years ago by a governor, conspicuous more for vote getting than for integrity. Weighted comparisons of rates were handed out as an argument for public ownership. With no effort to make a full statement of the case, isolated instances of exceptional rates were dipped out as one forks the mushrooms out of a stew. These were compared and held up to show how good was the dish of public ownership! Public ownership of the electric service was urged in my own county of Albany on the shabby plea that we would have lower rates for, while the private company was contributing hundreds of thousands of dollars a year to the public treasury in taxation, a publicly owned company would pay no taxes!

What Mr. Sinton says about pressure by private industry is doubtless true but how about the advocates of public ownership? Do they have nothing to say? Generally it is the demagogue who is the most vocal, and I see nothing discreditable in private enterprise seeking fair representation of their side of the controversy or in stating their side of the case in advertising. I flatly disagree with Mr. Sinton when he implies that regulative bodies are often prostituted and corrupted in the interests of private business, for I believe the politician making a demagogic appeal is more often the offender. He generally stops at nothing and has little hesitancy in "packing" commissions.

If all the workers in the great "utilities" category (railroads, communication companies, electric, gas and traction enterprises) were the direct employees of government, with wages, hours, pensions, and conditions of employment dependent upon bureaucrats, who in turn are dependent on votes; we would have the makings of a political corruption which would make the foul-smelling canker at Washington look like a sweet-smelling rose. Surely the methods of the WPA are not encouraging nor are the accounting methods of the TVA; and the frequent shifts of position, objectives and argument are not inspiring to confidence. We have already had many a bitter lesson in what a solidly organized group can accomplish by using their voting power to secure pensions, bonuses, political and employment preferment and other advantages, but this is as nothing in comparison to what these millions of workers could do.

I am not much interested in detailed comparisons with other lands, nor even in comparisons between cities at home, for conditions vary so widely that comparison is often impossible and all kinds of technical points must enter into consideration. But I have done considerable travelling on four continents and I am sure that the services of the private companies in America are far superior to what is found in lands where there is public ownership. A spirit generally underlies private business very different from that encountered in politics, where advancement and even a job depend on considerations other than capability and efficiency. I know too that service here has steadily improved and that, in spite of inflation, rates have declined, and would have fallen far more rapidly had not costs been persistently inflated by iniquitous taxation, nation, state and local.

Properly administered, either public ownership or adequate regulation would give service at fair rates, so perhaps the question really boils down to which plan would be the most efficient, economical and conducive to progress. To that, basing my opinion on the experience of a lifetime spent in a great capital city and years of state service, I see only one answer. Things may be different in Colorado, but I believe that the condition in New York State is fairly typical of conditions generally—typical, or perhaps better than the average.

Our emphasis must be on the fundamental truth that the value which attaches to public franchises belongs to the people and of it they must never be despoiled. Why not recognize that either public ownership or proper regulation may be sound and that neither is inconsistent with our principles, and leave the choice of the exact method to be followed to the eclectic judgment of the truth-seeking neophyte? Such a course will at least keep us from being aligned with Socialists. I think, however, that honesty must compel us to recognize that (1) public ownership is essentially socialistic, and (2) that, despite all quibbling, socialism and communism are first cousins if not brothers.

Even Russia is the Union of Soviet Socialist Republics and always and inevitably, sooner or later, Tweedledum becomes indistinguishable from Tweedledee! With this in mind, and to keep our philosophy from associations which I utterly distrust, I would much prefer that the Georgist reader accept the path of freedom rather than the bonds of socialism. But it is ours to choose and it is all a matter of opinion.

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