

CHAPTER XXIV

THE OPEN DOOR AND THE OPEN HIGHWAY

THUS the taxation of land values is a social philosophy, a philosophy of freedom, of industrial liberty in all the relations of life. The single tax involves the abolition of the protective tariff and the vexatious interference with trade and industry which now strangles the production and exchange of wealth. It is not a natural system of taxation alone, it is a natural system of industrial and social relations.

We have seen that the abolition of the system of indirect taxes would save the consumers about \$600,000,000 a year in taxes, which are all paid by labor, in some form or other. It would also save them from the indirect costs of the system, which amount to from one and a half to two billion dollars a year more. America would then become the cheapest place in the world in which to live. It is now one of the most expensive, possibly the most expensive. The bottom would be knocked out of the great monopolies which are mothered by the tariff.

But the gain would not end here. Not only would the people have that much more to spend

for the things they desire; not only would two billion dollars be added to the purchasing power of the country; not only would the wheels of industry be set in motion to satisfy these increased wants; but trade and industry would be awakened in a thousand unknown fields by the freedom of trade which would follow. We have no means of telling what industries are rendered impossible by the tariff, or the new industries which would spring up by reason of its abolition. But the coming of liberty has always been followed by a great industrial awakening. For commerce hates barriers. It instinctively follows the lines of least resistance. For every industry that is helped by the tariff, probably two are rendered impossible by it. The freedom of trade between the states of the American Union proves this. So does the awakening which followed the abolition of the corn laws in Great Britain in 1846. Industries which had been languishing for years awakened into life. The commerce of England assumed command of the seas. Her iron, steel, wool, and cotton factories took the world by storm. Were the trade of America free to follow its natural channels, our exports would command the markets of the world. America is the cheapest of producers. This is true in almost every line of industry. We have the most abundant raw materials, the most highly skilled labor, the highest per capita investment of capital. Were the barriers of trade removed

the commerce of the world would be ours in a few years' time.

These are the by-products of the single tax. Freedom of trade is but part of freedom in every relation of life. And freedom is no less the natural than the scientific law of progress.

There is yet another corollary to the taxation of land values. And that is the free, open highway. There are certain services so fundamental to our life that they cannot with safety be left in private hands. We do not question this as to the activities already assumed by the state. No one thinks of turning back the schools, libraries, parks, and post-office to private hands. Even the most reactionary is in favor of the free, open public highway. Yet the highways were in private hands up to very recently. The private toll road is still to be found in some parts of the country. But it has very generally disappeared before the necessities of modern life. And the railway is but a highway, a highway really far more important than the streets of our cities. Through it the life of the nation circulates. All industry is dependent upon its proper administration. It not only fixes the wages of ten per cent. of our workers, it vitally affects all industry and the well-being of all people. Upon its favors and discriminations, discriminations that the ingenuity of the government and the skill of the secret-service agent cannot trace, many of the most menacing

monopolies are reared. The price which is paid for beef on the hoof, for sheep on the range, for the farm products of the West is determined by the railways, the packers, the elevators, and the warehousemen, whose alliance with the railways is no longer a matter of doubt. Eggs, butter, and dairy products, as well as the fruits of California and Florida, are under the control of these agencies, which fix the price the farmer receives as well as the price which the consumer pays. The cost of living of the entire nation is in a large measure controlled by those who own these agencies.

Even were the railways open to all on equal terms, even were they to abandon their coal lands, to dissolve their connection with private industry, and free themselves from the suspicion which now attaches to them, they should not be entrusted to the caprices of private management and control. For the function which the railways perform is a public one—they enjoy a part of the sovereignty of the state. That the railways should be owned by the people has been recognized by almost every civilized nation save Great Britain and America. These nations alone have trusted to private capital. English industry is suffering in consequence, while the politics of America have been corrupted to the core and her industry reduced to monopoly in every great necessity of life.

There is only one rule of private railway manage-

ment, and that is charging all that the traffic will bear. This is the solemn duty of those intrusted with the administration of the property. They are bound to make as much profit as possible. The railway president may be the most humane of men or the most far-seeing of social reformers. He would be no more justified in adopting any other rule of management, than the agent of the Astor estate would be justified in accepting any other rental than that which the public would pay.

A railway president cannot serve the public and his stockholders. Their interests are diverse. It is his duty to make dividends. To do this, he must adopt whatever means are necessary to secure the traffic. And it is not possible for any commission to trace the subterranean methods which may be devised in the granting of rebates, discriminations, or favors. The motive of railway management should be service, not profits. This is impossible so long as the railways are in private hands.

There is still another reason for the public ownership of the highways. Railway values, as we have seen, are land values. Earnings respond to the same influences as rent. Inflated railway capitalization is an unearned increment. The earnings of the railways of the country increased from \$1,222,089,773 in 1897 to \$2,346,600,000 ten years later, or an increase of nearly one hundred per cent.

During the same period capitalization grew from \$10,635,008,074 to \$16,082,146,683. The development of the country, the growth of industry, the coming of immigration, all these have added to the tribute which those who own the highways have been able to extract from the labor and industry of the country. Every exertion of society adds to the value of these properties, just as it adds to the value of a corner lot in a great city.

It is true this social value can be retaken by taxation just as can land values proper. And many persons believe that the railway problem can be solved through this means. But this would not put an end to corruption. It would not check the waste which is everywhere apparent in railway management. It would not remove the antagonism between the private interest and the public welfare, which is the greatest evil of the private ownership of a public function.

The public ownership of railways would do more to free our life from privilege and corruption than any other reform. In commonwealth after commonwealth politics are in the hands of the feudal-like interests, which, like the aristocracy of Great Britain prior to the reform act of 1832, fill the offices of the state and the nation with their own retainers. They control primaries and conventions, they send their attorneys, doctors, and agents to State assemblies. At their dictation United States

senators are elected, who, in many instances, are their paid attorneys and representatives.

The class warfare is bound to continue so long as a powerful interest controls one-sixth of the wealth of the nation; an interest which ramifies into every precinct in the land and which openly avows that it is necessary to corrupt the government in order to protect what it claims as its own. Nor can industry be free or labor receive the fruits of its toil, so long as it lies in the hands of what is in effect an arbitrary tax-gatherer, to intercept so much of the wealth produced as suits its fancy.