

The Railroad Question

(Written for Henry George Edition of The Independent.)

There are three methods of solving the railroad problem, all of which entail, practically, government ownership. The source from which these corporations draw their immense revenues is not their capital investment, but their monopoly of a narrow strip of land across the country, with right of way over the public highways. The value of this monopoly is created by the community and grows as it grows. When a corporation desires to construct a railway they can obtain from private sources, with the exception of one thing, everything necessary for the undertaking. That one thing is the right of way across the country. They must go to the government for that. All the rest they can do alone.

At present this right of way, this narrow strip of land, is assessed according to the value of the adjoining land. Evidently this is not just. Its value is not as farm land or as city land, but as railroad land and should be assessed as such.

When the government grants a right of way to a corporation they do not grant them the value of that right of way. It is quite apparent that they cannot for when a railway charter is first granted the right of way has no very great value, but as the community grows so does that value. The government, of course, cannot grant the value which does not exist at the time. This value, then, having been created by the community naturally belongs to it. The question then is how to get it.

The generally proposed method is government ownership and operation. That, of course, would secure it, but the question next arises, how is the government to get the ownership from the corporations? The next remedy proposed is for the government to own the road bed and let it out to the highest bidder. This also would secure the right of way value or the franchise value to the people, but is open to the same objection as the previous method. How are we to get the ownership from the corporations? The third method is to take the annual value of the right of way in taxes.

Charters have been granted to railway corporations giving them rights of way over the country for a certain length of time. These charters cannot be broken. In all due honesty and fairness to the corporations they must be kept. But the annual value of these rights of way has not been granted to the corporations and the government is at liberty, in fact, is morally called upon to take it.

If the proposition of government ownership and operation was resorted to, how would we obtain possession? Would we break our charters? We might under the law of eminent domain. Next, how far would we compensate the owners? For the capital invested, certainly. For the right of way? No! The value of the right of way is ours now and the corporations have no right to it. So to get government ownership and operation it would be necessary either to break the charters we have granted, or wait till they expire, and to pay the corporations for the value of their rails, ties, rolling stock, buildings and all other tangible capital they might transfer to us. To get possession of the road beds alone and rent them to the highest bidder it would be necessary either to break the charters or wait till they expire and to pay the corporations the value of their rails, ties and other improvements in the road bed.

To enforce the third proposition, viz: to take the annual value in taxes, it would be necessary only to change our assessment laws to read that all railway corporations shall be assessed on the actual selling value of their right of way, exclusive of all improvements, and that the rate of taxation shall equal the annual rental value thereof.

This would take away their immense income and leave them the current rate of interest on the capital employed. But the railways all have large quantities of watered stock. That watered stock is the value of the franchise. And if the government takes the franchise value in taxes annually it is quite apparent that there will be no dividends paid on the watered stocks. Once the railways are reduced to ordinary business concerns deriving profits from legitimate business sources only and not from any special privileges their power will be broken. In fact, I think that with their immense quantities of watered stock and no income to pay dividends thereon they would be willing to cancel their charters and sell out at a fair valuation should the government so desire.

This is the single tax applied to railroads. The franchise value is really a land value and by taxing it

CLOTHES THAT SATISFY



The Man Inside the Clothes

That's the kind of clothes we handle, it's the kind you should wear. They cost no more than the ordinary kind but they look better and last longer and are therefore cheapest.

OUR SPRING SUITS

are the kind that dress a man up. They are made from the finest wools, cut in the height of fashion and made to stand every test.

In a word, they are the clothes that will satisfy you and you will say so if you see them.

Extra Fine Suits at \$7.50, \$10, \$12.50 and \$15

ARMSTRONG CLOTHING CO.,

Good Clothes Merchants. Lincoln, Neb.

the railroads' unearned increment would be taken by the rightful owners.

If we then desired to go on and have government operation we could easily do it. This is the easiest, and most equitable method of obtaining it.

WALTER H. ROEBUCK.
Toronto, Canada.

The Subsidized Press

(Written for Henry George Edition of The Independent.)

There have been frequent mutterings against a subsidized press, but a most important phase of the subject, that relating to the usual business advertising, has been little discussed. If it has not, indeed, been entirely ignored. The cost of the paper itself required for some of the large dailies is more per copy than the customary price to news butchers. It is conceded by publishers of newspapers and magazines that they are dependent not so much on subscription or on receipts from jobbers and news venders, but to be successful, they must have a liberal patronage from advertisers of general merchandise. It is also a well established fact, that of those engaged in mercantile pursuits as proprietors, 95 per cent fail in business during a term of twenty years. Put these two facts together, that of newspaper subsidies and of business failures and let us see about our present system of taxation.

In every city of 25,000 inhabitants there is some land capitalized at \$1,000 a front foot, yielding the owner a 5 per cent rental, or \$50. This fund, arising from land which at one time was but a cornfield, is created, not by any individual as a mere owner, but by all the people together. The average tax on land in this country is not even one-sixth of its annual rental. The other five-sixths, contributed to the private owner, may be denominated speculative profit, shoplifting or a species of blackmail. In every city, as above, from seven to nine out of every ten of its merchants are tenants, all of them located in what is called the business part of the town,

where land values are the highest. Those who own their place of business can set the pace for others in that balliwick. They are the substantial citizens credited with having made the town. They can shape the policy of local newspapers in their own behalf on the strength of advertising. They can have bargain days to suit themselves, dominate the wages to be paid and take a lively interest in what is doing at the church. In any event they desire a continuance of the existing order of things without too close a questioning on what is mine and thine. Not infrequently they collect the rent from their competing tenants. The annual payment of say \$50 a front foot on forty feet in twenty years is \$40,000 and in twenty years we have the proverbial windup of 95 per cent of them. From the time that a building is new till it becomes dilapidated the ground under it is enhanced in value sometimes double or ten times, in a large city it may be a hundred times. There is nowhere a leading house or an old established business that is not completely in control of its location.

Then what about taxes? Every dollar of tax levied on industry, which includes the buildings and every article of merchandise in them, is charged to the consumer of goods and the effect of every such tax is to make the product scarcer and higher. The only thing that becomes cheaper and more accessible to all by taxing it is the land. Instead of robbing the consumer of the fruits of labor by multifarious taxes on production, if land values were appropriated by taxation the special privilege of land monopoly would be destroyed. The long, stunting hours of store clerks, the strain of an unnatural competition, the invariable shortage in the public treasury and the social inequality that springs from want would be abolished. Three-fifths of the annual land rental would more than cover all expenses of our government, national, state and local. But those who have control of business insist on taxes which they can shift on the consumer

along with their advertisements, competing where true competition is impossible and solicitously avoiding the argument. It is notorious that frontage in the heart of every city is singularly underassessed as compared with lots on the outskirts and compared with farming land the valuation is almost farcical. Every political corruption fund can usually be traced to some manipulation of land values. A paper that challenges the exclusive private possession of the earth and demands something like a fair equivalent for value received, fails to get the subsidy and is usually not counted decent enough for an advertising medium.

F. H. AUGSPURGER.
Trenton, Butler Co., Ohio.

SPECIAL MARKET LETTER

FROM NYE & BUCHANAN CO., LIVE STOCK COMMISSION MERCHANTS, SO. OMAHA, NEB.

Two days this week brought moderate receipts and a steady to stronger market, Tuesday being 5 to 10c higher. The rain stopping farm work and making muddy feed-yards brought heavy receipts Wednesday and a slow market, Tuesday's gain being lost. However, we do not expect a much lower market this week.

We quote beef steers \$4.80 to \$5.20, fair \$4.40 to \$4.75, warmed-up \$4.00 to \$4.35, choice cows and heifers \$4.00 to \$4.40, fair to good \$3.50 to \$4.00, canners and cutters \$1.75 to \$3.00; good light stockers and feeders are selling from \$4.40 to \$4.80, fair \$4.00 to \$4.30, stocker heifers \$3.10 to \$3.40. Bulls \$3.00 to \$4.00; veal \$4.50 to \$5.75.

Hog receipts liberal. Range \$6.00 to \$6.50. Market still declining.

Sheep receipts light. Market steady.

Killers.
Lambs, choice, woolled....\$7.00-\$7.25
Shorn 6.00-6.50
Yearlings 5.50-6.00
Wethers 5.00-5.50
Ewes 3.50-4.50