

Story of Monopoly (1881)

During the last half of the nineteenth century, American capitalism was transformed by the emergence of massive new industrial trusts. The federal government had little interest and even less power to regulate their behavior, but journalists and social critics including Henry Demarest Lloyd labored to awaken popular outrage against this new threat to liberty. In this excerpt, Lloyd described his plan for curbing the railroad trusts and restoring American liberty. As you read this document, consider whether the laissez-faire liberalism and passive federal government was sufficient to control the new monopolies.

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Our experience in the riots of 1877, in the countless cases of excessive and unfair railroad taxation fairly represented by the case of the Standard Oil Company, and in pools, which have culminated in the Great Trunk Line Executive Committee, makes it clear that an adequate power must be called in to secure these things: --

- (1.) Railroad charges must be public. Publicity is the great moral disinfectant.
- (2.) They must be stable. In transportation, as in currency, taxation, and the law, it is indispensable that the citizen know what to count on.
- (3.) They must be reasonable. They must be based on the cost of the service, not on what people will stand. The community will not be taxed to pay dividends and interest on the \$54,507,000 of water in the New York Central, the \$63,963,881 in the Erie, the \$13,000,000 in the New York Elevated roads, and so on through the list, or to fatten corrupt railroad officials, like the secret stockholders in the Acme Oil Company.
- (4.) They must be equal; for similar services, similar rates. If the absolute equality of the post-office, which sells stamps at the same price by one or one million, is not practicable, and there must be wholesale and retail rates, let the additional charge -- as in the case of the single harvester of the small farmer along the Northern Pacific -- in no case exceed the actual additional cost of handling and hauling.
- (5.) Railroads and railroad men must exercise their public functions. No road shall voluntarily stop running, as several roads did in July, 1877, and no railroad man or multiple of him shall desert his post or interfere with the operation of any road.
- (6.) There must be a national board to hear the complaints of citizens and railroads, with power to take testimony, to investigate abuses, to publish the results, and to call upon the legal officers of the government to prosecute where prosecution is needed.
- (7.) Under the constitutional right of Congress to pass laws and levy taxes, "to establish justice," there must be such amendment of the law and its processes that all violations of the duties of

common carriers, "in commerce among the States," can be prosecuted by civil or criminal proceedings promptly and cheaply.

The costliness, the delays, and the technicalities of our law amount to a denial of justice that is eating deep into the hearts of the people. Only the rich can get justice; only the poor cannot escape it.

In less than the ordinary span of a life-time, our railroads have brought upon us the worst labor disturbance, the greatest of monopolies, and the most formidable combination of money and brains that ever overshadowed a state. The time has come to face the fact that the forces of capital and industry have outgrown the forces of our government. The corporation and the trades-union have forgotten that they are the creatures of the state. Our strong men are engaged in a headlong fight for fortune, power, precedence, success. Americans as they are, they ride over the people like Juggernaut to gain their ends. The moralists have preached to them since the world began, and have failed. The common people, the nation, must take them in hand. The people can be successful only when they are right. When monopolies succeed, the people fail; when a rich criminal escapes justice, the people are punished; when a legislature is bribed, the people are cheated. There is nobody richer than Vanderbilt except the body of citizens; no corporation more powerful than the transcontinental railroad except the corporate sovereign at Washington. The nation is the engine of the people. They must use it for their industrial life, as they used it in 1861 for their political life. The States have failed. The United States must succeed, or the people will perish.