

DIRECTORS' PERSPECTIVES

WHERE THE RSF BOARD EXPLORES CURRENT APPLICATIONS AND IMPLICATIONS OF HENRY GEORGE'S TEACHINGS.

CORRECTING PAST INJUSTICES

BY BILL BATT

History is replete with injustices. They affect not only persons individually but entire populations of people. In our time, various efforts are underway to newly or differently address and, if possible, rectify some of these injustices.

Noticeable instances of these plights in the United States are being raised by select groups of African-Americans calling for reparations for the enslavement of their ancestors the abuse of slavery that have consequences even today. Arguments for U.S. government reparations to the contemporary decedents of slaves, made at length by Ta-Nehisi Coates in the Atlantic Magazine, in the New Yorker, and elsewhere seem to be gaining in strength.

The historic treatment shown to Native American peoples is also at issue. Native peoples of this continent were slaughtered in brutal massacres and wars, and herded on to reservations, and treated with indignities so impervious to acceptable description that, in some instances, they were excised from contemporary accounts. Native Americans have long claimed that their land was unjustly seized or stolen, which acts they argue were predicated on what is sometimes called the "Doctrine of Discovery."

The treatment of immigrant populations as they settled in the United States and attempted to integrate into American society is also a sorry tale. Japanese Americans, who were already U.S. citizens, were imprisoned by order of the Roosevelt administration during World War II;

and Jewish refugees seeking to escape from Nazi Europe were interdicted. These instances of egregious mistreatment are the results of errant public policies. They do not, however, speak about the injuries due to instances of faulty goods and services provided by private sector realms.

Recognizing and Accounting for Historical Injustices

In attempts by historians to be at once accurate, fair, and honest, many of these dreadful episodes are now being retold and explicated with evermore historical scholarship and detail. Indeed, in many cases, this unjust treatment is now recounted with far more openness and honesty than ever before (and oftentimes more than it is recounted and examined elsewhere in the world). (cont'd on pg. 5).



THE LANDLORD'S GAME: A PRECURSOR TO MONOPOLY

BY RICHARD BIDDLE

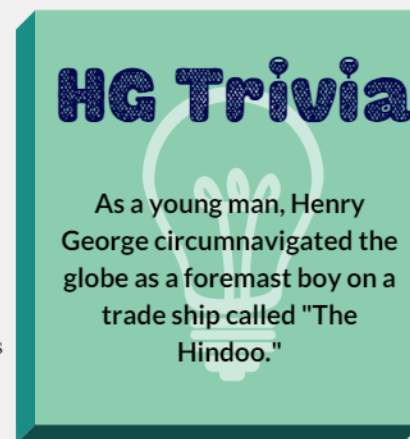
The TV game show Jeopardy on September 5, 2019 posed this fact for its contestants' response: THE ORIGINS OF THIS POPULAR HASBRO BOARD GAME GO BACK TO THE 1904 THE LANDLORD'S GAME. Of course, the correct answer was: "What is Monopoly?" But what was the original basis for THE LANDLORD'S GAME? The answer to this question is much less known.

Over the past 15 years, I have lectured numerous times on the little known history of the origin of Monopoly, on the basis of my personal experiences. The history of the LANDLORD'S GAME is part of the material I incorporate.

My involvement and fascination with the game started at age 5 when my 8 year-old brother first got me to play our 1936 edition of Monopoly. As I recall, my brother read the Monopoly "rules" in his favor, taking advantage of the fact that I was a pre-reader. It was a rare day if I won, and then it was usually the result of my cheating and lying about how I won, because the "rules" of the game were rigged against me. I quickly learned that there were a host of possible strategies to utilize in winning. I believe I witnessed some cheating in an adult Monopoly competition about 10 years ago.

THE LANDLORD'S GAME is the precursor to and basis for the Monopoly game. Elizabeth Magie (in 1902-1903) invented the game as a means to educate people about Henry George's political economics. She was a Georgist, as was her father.

THE LANDLORD'S GAME was patented in 1904. Parker Bros. purchased its patent in 1935 from the inventor for \$500. It was the first patent number assigned to Parker Bros. MONOPOLY, and it also was used by Parker Brothers... (cont'd. on pg. 5)



Correcting Past Injustices (cont'd from pg. 3)

Who bears the burden of responsibility for these sordid policies and their consequences? Historians and social scientists of a conservative bent are prone to argue that the past has always been flawed, and that one cannot judge past practices by the standards of today.

But calls for reparations are resurgent, by financial means or by some equivalent mode of compensation. They all are forms of what are often called "entitlements," meaning that certain people are "owed" recompense to settle historical accounts as a matter of justice.

The theory of entitlements originates primarily from the work of Harvard philosopher Robert Nozick. He defined three kinds of entitlement: first, the rights to acquisition, particularly of property in the natural world; second, the merits of exchanges, i.e., how to judge the fairness of goods and services traded and otherwise distributed; and third, how social injustices that result from past government policies and actions should be compensated.

But resolving such claims can lead to an infinite regress. How, for example, should there be a resolution to the disputed lands in the Palestine/Israel conflict, given the decades and seemingly intractable complexities of the conflict? How should historic debts growing out of slavery in the United States be resolved? Can this type of debt ever come to an end? Some argue that past persecutions and injustices can never be adequately addressed, that partial and incremental political measures of 'muddling through' are the only recourse. Or one might just wipe the slates clean, something the Biblical practice of the Jubilee attempted to achieve.

A Solution Proposed by Henry George

Adherents to the economic philosophy of Henry George believe that with regard to reparations there is an answer, at least for title claims to elements of nature. The solution involves historical recognition that all titles to natural resources--what George called "land," have been acquired by force or fraud, and that therefore they are bogus.

So any notions of property ownership that obtain should be provisional, held only in usufruct. The word itself now sounds archaic. Because land titles and land values are socially created, the wealth produced from their use, known classically as rents, rightfully belongs to the community as a whole, however the community is defined.

A second aspect of this economic philosophy involves the distribution of said rents. They should first be used to finance the public goods and services necessary for a civilized society to function equitably and in full. This obviates and supplants the need for any taxes on people's labor or the goods that they make. Any further surplus should be distributed severally to the people, in what have today come to be known as a "citizens dividends" or a "basic income guarantees." The simplest manner of doing so, with the least administrative overhead, would be to give to every person, rich and poor alike, a share of the sum recovered as unearned income.

Today, the number of claimants seeking reparations for past injustices is growing by the year. Each party says it is most deserving. Each party argues that its case should take precedence. But the grievances of every party cannot and will not ever be satisfied. Past injustices are simply too many, and the claimants are too varied.

A better solution is to recognize what Henry George proposed over a century ago. Recognizing people's right to keep what they have worked for and earned respects the integrity and autonomy of every individual. In contrast the public collection of communally created rents would end the continued existence of inherited titles and privileges that lack legitimacy in any case. French enlightenment philosophers like the Physiocrats and Proudhon argued for just such remedies. This communal wealth can then be used to remediate whatever claims we deem appropriate.

Recent thought has also focused on the social provision of a universal basic income for all. The currency of

this idea has spread to experimental practice in several countries, promising to address the loss of earning opportunities increasingly seen in post-industrial nations. Provisions such as these would recognize the interdependent creativity of social membership. They would also foster an understanding of our just desserts.

Support for this solution has come from all parts positions within the political spectrum. It is not, after all, only the impoverished members of society who would receive from what George called the "unearned increment." The wealthiest members of society would also enjoy unearned rents. The key is in how earned and unearned income are defined. Recognizing and incorporating this fundamental distinction is central to the conception and implementation of such a proposed distributive justice design.

The Landlord's Game: A Precursor to Monopoly (cont'd from pg. 3)

as the patent on the 1939 LANDLORD'S GAME.

The first wooden board for the game was made in Arden, DE, a Henry George Single Tax enclave, and an arts and crafts community. The 1906 printed edition is very rare. Thomas Forsyth found one in his parents' house in the 1990s. It was in very good condition and mostly complete. Fortunately, Thomas held on to the game and studied it and its history; he now makes available the important replica edition.

The rules for the 1906 THE LANDLORD'S GAME have an alternative single tax choice. Two players can vote to enact them. Among other things, revenue that would go into private pockets, thus would go into the public treasury. I recently bought two copies of the 2019 replica of the 1906 edition of THE LANDLORD'S GAME (LLG) from Thomas Forsyth. I also met Thomas Forsyth in January 2001 after having purchased a rare 1939 Parker Bros. edition of LLG on eBay.

My purpose has been simply to find more information about, and to make better known, the true story of Monopoly and how it relates to Henry

George's economic theories. I recently found the children's book by Tanya Lee Stone and Steven Salerno *Pass Go and Collect \$200: The Real Story of How Monopoly Was Invented* (Henry Holt and Co. 2018).

It is well written with great illustrations. The only disappointment for me occurs near the end of the book in "A Note from the Author," which, as the below quotation makes clear, misstates Henry George's Single Tax theory.

"Just as (Charles) Darrow and others who modified Lizzie's game were inspired by her original idea, it was a writer named Henry George who inspired Lizzie. George's ideas about wealth and poverty caught Lizzie's attention. George believed that everything found in nature – such as land – belonged to everyone and should not be taxed, that the value of land should not rise, and that only what people did to improve land (such as build on it) should be taxed. Therefore, he reasoned, landowners had no right to continually increase rents simply because they owned the land on which the building sat. This was the basis for Henry George's single tax theory, and it was this theory that sparked Lizzie Magie to create the Landlord's Game, a game that began the worldwide craze of Monopoly."

THE LANDLORD'S GAME was featured on PBS's HISTORY DETECTIVES (Season 2, Episode 2, 2004), which I recommend as an excellent introduction to the game's history.

New York City Taxi Medallions (cont'd from pg. 4)

from credit unions, a lending company that specialized in medallion loans, large banks, and large taxi fleet owners. According to the Times, a small number of credit unions specialized in medallion loans. The loans were treated as business loans and did not benefit from the regulatory protections that apply to consumer loans. The credit unions specifically had regulatory carve-outs that let them operate very permissively; all of these credit unions were closed by Federal regulators following the collapse of the medallion market.

During the housing bubble that peaked in early 2006, many homeowners were encouraged to refinance, and take cash out of their home equity to use for other purposes. Similarly, as the price of taxi medallions increased, medallion owners were encouraged by lenders to refinance. Some owners used the cash to purchase homes or pay for their children's college tuition.

There are many ways in which the medallion loans mimicked the worst practices of the subprime lending that led to the 2007-2008 mortgage crisis. Common features included interest-only loans, hidden fees, low or no down payment, and little to no verification of borrowers' ability to repay the loans. The New York Times reported that some borrowers may have been encouraged to lie on their loan applications, and the paper quoted a Harvard Law School instructor as saying "I don't think I could concoct a more predatory scheme if I tried."

Taxi drivers in New York City are overwhelmingly immigrants to the United States. Some borrowers, due to their limited English comprehension, may have not understood what they were signing. In some cases, borrowers may not have even been aware that they were signing a loan, or aware of how much they were promising to repay.

A number of people blame the taxi medallion market collapse on the competition of the ride-share services Uber and Lyft. The New York Times lends some credence to this explanation. But the paper also focuses on the actions of the city in making money off of the taxi medallion auctions, as well as on the fact that some fleet owners may have manipulated the market (one owner claimed to have overbid on medallions in order to increase the price of his other medallions), and on predatory lending practices. There are currently on-going federal and city investigations of lending practices, and one notorious debt collector has been arrested. The city has so far resisted calls for a bailout of the drivers who owe more than their medallions are worth.

While the New York Times investigation goes far in documenting predatory lending practices, this predatory lending was itself made possible by the city's decision to offer medallions

for sale in the way it did. That is, while the Times looks askance at the city's choice to derive revenue from the medallion auctions, it still accepts the premise that the city should derive revenue from regulating certain kinds of activities. The problem is not in the revenue obtained; it is treating the medallion as an ownership right rather than a rent.

Economists define "land," as a factor of production, as anything that is in fixed supply. This includes literal land, as in a parcel representing the right to use a particular location on the Earth, but also things like the broadcast spectrum. Broadcasters piling onto a particular radio band will interfere with each other's signals; thus, while it doesn't represent a location in space, it is a limited resource. By regulating the broadcast spectrum and stipulating that only one broadcaster can use the "address" of a particular radio band, the state creates a right with monetary value in the form of rent.

The governments (federal, state, and local) of the United States have tended to offer these rights, whether, for example, to broadcast spectrum and taxi medallions, as an ownership, like a property parcel. A buyer pays a fee simple, and has use of the property in perpetuity. As Henry George observed with respect to (literal) land: with economic progress these property rights will increase in value; at the same time, newcomers will have no choice but to pay rent to those who were there before them.

New York City, and other city governments, have a number of goals in providing taxi medallions. They want to make sure that there are not too many taxi cabs on the streets, both in order to manage traffic congestion in the city, as well as to make sure that the drivers' earnings do not decline due to a disproportionate increase in competition for passengers. Additionally, they may want to bring in revenue. For six decades, New York City earned 'no revenue' from the medallions, because they had auctioned them for ownership. Any profit due to medallion resale accrued to the owners, not the city, until the city began auctioning additional medallions.

The city could accomplish all of these goals more effectively if the taxi medallions were leased rather than