

Only the Obvious, O'Mahoney!

By John Lawrence Monroe

Monopoly is a method of controlling the supply of anything for which there is a demand so that the monopolist may command a price higher than that which would obtain in a competitive market. In other words, it is the power of getting something for nothing.

It is the power, therefore, of collecting loot or tribute. However, this power is not the same as, although inherently similar to, that of the thief or highwayman. His ability to get something for nothing arises from his violation of the law. The monopolist derives his power from the law itself. No monopoly can thrive for any length of time unless it enjoys a privilege granted by the law. The monopolist is not a law breaker; he is the product of it.

Any attempt, then, to destroy monopoly must begin with the elimination of the laws of privilege upon which the monopolies are created and thrive. You cannot eliminate the monopolistic tendency to "restraint of trade" unless you withdraw the legal privilege which makes such practices possible.

Free competition has never existed in this country, and perhaps in no other country. Our government has since the beginning given special privileges to favored groups or individuals, who have employed these privileges (as intended by the government) to exploit the people. The cause of monopoly is found in government itself, and any legislative investigation of monopoly should be self-investigation.

Out of deference to the idiosyncracies of logicians, let it be said that there never has been a complete monopoly of anything. The etymology of the word would prescribe a single seller, or sole owner, as prerequisite. There cannot be a land monopoly, say these logicians, because there are a number of land owners, competing for the trade of tenants. But, we are not interested in etymology; we are concerned with facts. Where the owner of anything has a power, inherent in that ownership, collect-

At the request of the President, the Congress appropriated a large sum and designated a joint committee to study "monopoly and the concentration of economic power." The practice of such investigations in the past has led to the suspicion that this committee would select several large corporations for attack, conduct hearings in a manner conducive to the political advantage of the investigators and result in legislation of a punitive character against bigness. Senator O'Mahoney, chairman of the committee, has taken pains to allay such suspicions by asserting that "this is to be an objective study." The truly objective method would require a definition of monopoly as a starting point; thus far the committee has not offered any. Such a definition would necessarily involve a statement of the basis of monopoly and of its essential character. To enable our readers to follow the committee's investigation, and to assay its value, this article attempts to briefly give such a definition and analysis. For fuller study of this vital subject, we refer to "The Ethics of Democracy" by Louis F. Post, "Privilege and Democracy in America" by Frederic C. Howe, "The Menace of Privilege" by Henry George, Jr., and "Economic Science and the Common Welfare" by Harry Gunnison Brown.

ing something for which he renders no service, that power is monopolistic. It may be continuous, it may be but for a time. It may be national

in scope or it may apply only to an ideal location for selling hot-dogs. It's monopoly when it receives more than it delivers, and does so by virtue of its ability to restrict production.

There are ever so many minor monopolistic tendencies. There are the associations of merchants that attempt to secure from legislative bodies special privileges for their memberships, like licensing restrictions; there are labor unions which hope to get higher wages for their members and are now attempting by law rather than by union action to secure some advantage; there are regulatory measures of one kind or another that result in special privileges to law-breakers and graft-collectors. The number and degree of monopolies are measured by the number and kind of regulatory and prohibitive laws on statute books. Every law (like the AAA) that directly or indirectly restricts trade gives rise to groups which, temporarily at least, are able to demand something for nothing.

But the big monopolistic tendencies, those which are for a longer period of time and over a larger area able to capitalize on privileges granted them by government are:

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1. Public utilities. The exclusive franchises given railroads, electric and gas companies, telephone companies, etc., are values which enable their owners to exact, in prices, a return greater than the value of the services they render.

2. Tariffs and taxes. Since these actions immediately increase prices they result in reduced production, and therefore have the same effect as monopolies. Where the taxes are high enough they have the effect of further discouraging production by eliminating the small producer to the advantage of large accumulations of capital.

3. Patents. The theory that patent privileges encourage invention is pure fiction. Industry is continually devising methods of increasing production, methods which are not patentable. The obvious result of our patent laws is to keep inventions off the market, or to make them ob-

tainable only on payment of tribute. And it is a notorious fact that monopoly owners, not inventive genius, have mostly profited by these inventions.

4. Private ownership of land. This is the basic monopoly. It is the continuing monopoly. All other monopolies are never entirely free from competition and enjoy only temporary advantages. Landlords, taken as whole, are free from competition, since land is a fixed quantity. The economic rent which is privately collected is pure tribute, since absolutely no services are rendered in exchange. Speculative rent and monopoly rent restrict production, and to the extent of this restriction raise prices. Thus, private ownership of land is the pure monopoly. If all others were abolished no social benefit would result permanently, for rent would absorb whatever advantages would accrue to society from such abolition.