

# The Diabolists Exorcise Monopoly

By Harry Gunnison Brown

It would seem that there has been a substantial change in the Administration's attitude since the glorious days of N.R.A. Under the N.R.A., monopolistic codes to hold up prices and restrict output were being formed on every hand—and officially authorized. But now we have a recent pronouncement by Robert H. Jackson, Assistant Attorney General, to the effect that monopolistic prices are causing the present recession of business. And the President, in his Jackson Day address, declared for more effective anti-trust legislation.

It is not necessary to attribute to monopoly the chief blame for producing business fluctuations, in order to conclude that the influence of monopoly is wholly evil. Those readers who are familiar with what I have elsewhere said on the matter of the so-called business cycle, know well how much importance I attribute to alternate inflation and deflation of the commercial bank credit which furnishes nine tenths of our medium of exchange. But that monopolistic restriction operates in the direction of creating unemployment there can be no doubt.

In any line of production in which monopolistic limitation is attempted, the resulting higher prices curtail demand. Therefore, fewer workers will be employed. And the only way the workers thrown out of jobs in the monopolized lines can get jobs elsewhere, is to compete with other workers in bringing down wage levels and prices in the other, non-monopolized lines.

Thus monopoly differs in its effect on employment from labor-saving improvements when there is not monopoly. For labor-saving improvements cheapen goods, so that, if consumers do not buy—and they may buy—proportionately more than before of the goods made cheaper by means of the new methods, then they have more purchasing power left to buy things they previously couldn't afford to buy, and thus to stimulate the employment of labor in making these other things. Technological

improvement thereby makes new jobs to take the place of the jobs no longer available—if fewer jobs really are there available—in the lines where the improvement has occurred. But monopoly deprives men of jobs without making new ones, and they can get new ones only by accepting lower wages than if employment restrictions were effectively forbidden.

The same kind of effect in restricting opportunities for employment comes from the unconsciously monopolistic limitation of available land for production and homes, from what we know as speculative holding of vacant land out of use. In a sense, this is not monopoly, for it involves the decisions of many owners who act independently of each other and not by concerted agreement. Nevertheless, since new land cannot be manufactured or grown, like shoes or wheat, to confound the hopes of the speculators, and since these speculators are an optimistic crowd, always looking for higher land prices than current users feel they can pay, a very great deal of valuable land is effectively kept from use—and not just intermittently but chronically. Therefore, the opportunities for productive labor are definitely limited, just as they are in the case of monopoly.

I do not insist that this makes unemployment, any more than I insist that ordinary monopoly makes unemployment. I say only this: that since the land and natural resource employment opportunities are thus limited by land speculation, wage earners can secure steady employment only by accepting lower wages, only by accepting, that is, wages low enough to justify hiring them to work in more congested space and on poorer land resources where they can produce less and so are necessarily worth less.

Let me repeat. I do not say, with

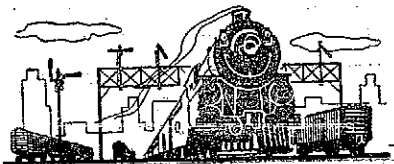
some, that speculation in land must create business depression and unemployment. To prove this beyond cavil would be difficult. What I do say is, that the withholding of good land from use, must, because of the considerations referred to above, bring either lower wages than would otherwise be necessary or a degree of unemployment.

Let those who object to public appropriation of the rental value of land insist, if they please, that land speculation does not make unemployment inevitable. For if it does not, this can be only because men choose rather to work for lower wages than not to work at all. In general, of course, they do.

But who, in public life, dares risk the resentment of interested landowners by saying this? It is easier—because presumably more popular—to attribute our misfortunes to large corporations, which have only a few eager spokesmen, than to the operation of an institution which has many. Who is there in our public life that will dare to tell the people something they do not already understand and something which, until it is made understandable to them, they don't want to hear? Are not our so-called "leaders," by the very nature of the case, not really leaders of opinion but followers?

As this article was in preparation, Secretary of the Interior Harold Ickes joined in the discussion of the monopoly problem. In this speech Ickes draws on a recent book by Ferdinand Lundberg, entitled "America's 60 Families," and contends, not only that these sixty families brought on the depression which began in 1929 but also that they started the present downswing of 1937. "They made," he said, "the same mistakes they had made before 1929. They ran the stock market up and helped it get started down. They did little or nothing to increase the purchasing power of labor to make up for the Government withdrawals and then ran prices to the sky, so that the consumer refused to spend what they graciously let him earn."

Continuing, the Secretary said:



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"To the 120 million people of the United States they have made the threat that the professional operators of the American economic system, and the professional managers of the capital funds of the United States (capital to which every American man and woman over four generations has contributed sweat and blood) will refuse to operate that economic system, will refuse to let that capital be employed—unless they are once more given full powers to wreck American democracy in their own sweet way."

Here is not the slightest sign of an idea that there is any difference of economic significance between geologically-produced natural resources

(such as coal mines, rich deposits of iron ore and bauxite, etc.) and community-produced site values worth many billions of dollars, on the one hand, and, on the other hand, constructive capital made possible by the individual saving of the people.

Incidentally, we find here the apparent assumption that the rich of America subject themselves to incalculable loss—for surely no competent person doubts that these terrible depressions make most of them lose—knowingly and purposely; that depressions are the result of deliberate conspiracy among a prosperous class who are so superbly clever that their secret never comes out, and can only be guessed at even by our very pen-

etrating politicians!

Perhaps I can conclude these comments in no better way than by quoting from G. W. Hartmann's review of Lundberg's book mentioned above:

"One wonders what would happen if every citizen knew the contents of this book. In the absence of more fundamental education, it is probable that punitive measures against a limited number of persons would be the sole result. Certainly the record of the New Deal \* \* \* is none too encouraging. Much of it is pure quackery or pre-scientific therapy of the type that concentrates upon symptoms rather than upon the cause of a disease."