

It's Like This About Monopolies

Reformers, both the phony variety and the real thing, are prone to prate about the evils of monopoly. More often than not, however, they are a little hazy on the subject and it is seldom that one takes an unequivocal position on the question: "Is monopoly itself an evil?" In the following article, ALEXANDER M. GOLDFINGER, Newark lawyer, answers that query in forthright fashion.

Mr. Goldfinger, as assistant to Dr. Elizabeth Bowen and George L. Rusby, was active in the founding of the Henry George School of Social Science of New Jersey a number of years ago, since when he has been a member of the faculty of that live-wire institution for adult education. He boasts of "an understanding" wife who does not object too strenuously to being a "Georgist widow," and a son, 10, who doesn't understand why Henry George is not pictured in his history books along with George Washington.

★ IN A RECENT radio symposium over Station WABC, three prominent men lauded *Progress and Poverty* and recommended its perusal. They took the position, however, that if Henry George were alive today, he would undoubtedly be much concerned about monopolies other than the land monopoly. Perhaps some graduates of the Henry George School feel likewise.

What George, if alive, would be concerned with is only conjecture, arrived at perhaps by consideration of his motivating principle of freedom and equality of opportunity. That he recognized that monopolistic privilege existed in other spheres than land tenure is evidenced by his discussion of such monopolies as patents, money and public utilities.

He advocated abolition of such monopolies, but held that the elimination of the land monopoly would so far correct the economic abuses suffered by society that the other monopolies would be seen to be insignificant and easily remedied.

Monopoly implies the granting of a special privilege by government, or the sufferance by government of the existence of such a privilege in the possession of chosen individuals or classes. In order to determine whether government should "crack down" on any or all monopolies, is it not essential that, first, we must determine the purpose and functions of government? Is government to act as a policeman, judge and prosecutor, delineating for its citizens every act, power and obligation they may possess or enjoy, or is it to follow a policy of letting its citizens do just as they please without limitation, even if it results in some enjoying special privileges not

enjoyed by all? Or is there a third course for government to pursue?

Bowen and Rusby in their book, "Economics Simplified," have clarified the concept of the only proper functions of government, as follows: "While itself refraining from infringing on the person or property of any of its citizens, it (government) also should prevent such infringement by any citizen upon any other; and (2) It should so administer land tenures as to keep economic opportunities open to all—which can be accomplished only by collecting all ground rents, and disbursing same in the interest of all.

"Fundamentally, No. 2 is included in No. 1 stated alone, but No. 1 stated alone might seem to imply that the only proper function of government is the exercise of its police power, while really, No. 2 is of greater importance, for if land tenures were properly administered, there probably would be little need for the exercise of police power.

"Government cannot do less than those two things without permitting some individuals to infringe upon the person, property or opportunity of others; on the other hand, if the State does more than those two things, then the government itself is guilty of infringement. Jefferson recognized this, when, in his first inaugural address, he said, 'Restrain men from injuring each other, but leave them otherwise free to follow their own pursuits of industry and employment.'

"If the government properly performed these two simple functions, a condition would not arise in society which seemed to call for the activity of government in many fields which are really none of its concern."

If government properly regulated land tenures by collecting the ground rent, it would be necessary to grant a monopolistic privilege to each user of land to the exclusive right to such use. Such grant would not be improper. In fact, it would be necessary. Monopoly is not an evil; the evil lies not in monopoly, but in the failure of those enjoying monopolistic privilege to pay to all others, whose right similarly to enjoy the use of the land is given up, the full value of the privilege.

So in determining whether government should abolish monopolies, we must give due consideration to the fact that to insure freedom and equality, government must grant an exclusive monopoly to the use of land, with the condition that the user pay society for the privilege enjoyed. As to other monopolies—if such exist and enable some persons to infringe on the rights of others, then a proper exercise of the police power of government may be invoked to eliminate the abuse. But today, even more than in Henry George's day, the infringement of equality of opportunity caused by monopolistic privileges other than the land tenure monopoly, is insignificant as compared with the infringement resulting from the land tenure monopoly. Thus George's belief that the elimination of the greater monopoly would leave little to contend with in the correction of other abuses is seen to be thoroughly well founded.