

## Monopoly in Your Coffee Cup

CARTELIZATION is the technique for stabilizing a market which land monopoly has unstabilized. A cartel is an agreement between monopolists, sanctioned by one or more governments, to control production of a commodity so to hold up price. "Market support" is the euphemistic excuse.

Our system of cotton, wheat and corn crop loans and export subsidies is an instance of an isolated national effort to regulate world market conditions. In effect, our government attempted to cartelize the production of these commodities—for the benefit ultimately of the farm land owners. It has failed in its ostensible purpose of affecting the world market because these products can be produced in many parts of the world; our subsidized prices encouraged competitive foreign production, even on marginal lands, and lost us our foreign markets. The net result of this internal cartel is that our government has lined the pockets of landowners and mortgagors with tax money.

Recently an agreement was signed on behalf of the United States and fourteen coffee-producing countries of the Western Hemisphere (subject to ratification of the home governments) in which the cartel principle of quota division of available markets among the producer nations has been applied. Details of the agreement are not at this moment available, or necessary for an evaluation of its purpose or probable results.

All such agreements are based on an estimated "normal" demand; the parties then divide by higgling or fiat the proportion each country will be permitted to export. Financial support is promised (this time by the United States Treasury) and the respective governments supplement the agreement with sanctions. The coffee drinker pays.

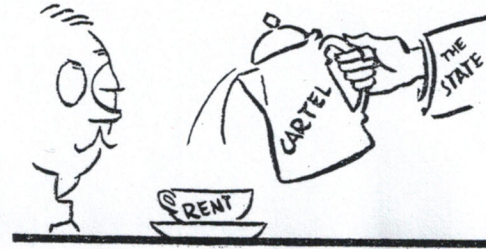
The rationalizing of such cartelization sets forth that it prevents "over production" on the one hand and destructive competition on the other. Its success depends on the degree of production control which the agreeing parties can maintain by virtue of ownership of limited sources of supply.

It is expected that the coffee cartel will succeed because it includes all presently important areas of production in the world and deals with a commodity that cannot be produced on large portions of the earth in quantities sufficient to affect prices.

But if the price established by the cartel discourages coffee drinking, there is always the cow or the water-well to fall back upon. Until then the cartelized owners of coffee lands and the various tax-collecting bodies will reap a harvest—at the expense

of the consumer, as usual.

The rationalizers of this scheme—and they include not only the monopolists but also many erudite men whose hearts throb for the welfare of humanity—never seem to consider how production would regulate itself in a free market; that is, if land were accessible to all producers on the mere payment of rent to the government.



Would men working for a living "overproduce" the things the market does not want? Would not the market price regulate their production? If a coffee farmer in Brazil found that the price did not repay him for his investment of labor and capital would he not automatically turn to the production of things the market calls for?

And, if there were no market he could at least raise the things that would assure him subsistence. Poverty, the scourge of civilization, would be impossible.

The reason for "one-crop" land is monopoly. The owner is not interested in production per se; he is interested in production only in so far as it brings him maximum rent.

In mass production of coffee, wheat, cotton or corn, he sees the greatest immediate return; he encourages the production of these "money crops" to the point where he is competing with himself, and his booty in rent declines. Then he seeks through government subsidy or the cartel system (which must have government support) to rig the market. It is the monopoly rent in the fixed price which is the magnet, not the world's need.

In "The Grapes of Wrath" the bewildered migratory worker, Joad, cannot understand what one man can do with a million acres. All he craves for, or thinks anybody could possibly want, is a few acres of "growin' land."

When land becomes "growin' land"—for crops and for buildings and for cattle—then only will all the economic evils of the one-crop system, and the social consequences, be avoided. But so long as land is used for raising the rent crop we will have cartelization and high prices—and poverty.