



Geoism, Recession and Control of Monopolies

By Dr. Mason Gaffney

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[Ed: This is a fairly old snippet from the Land-Theory discussion list - it's an Oldie, but a Goldie]

Recessions (and depressions) may occur when there are massive shocks to the system (e.g., the OPEC producers withholding supplies and doubling and tripling prices of a commodity that could not be readily substituted for). Recessions may also be prolonged and accelerated by unwise public policy choices made by people who have no idea of the consequences of their actions or inactions. Now, in the activist area where I am working, there is still a strong cry for a Constitutional amendment to balance the U.S. Federal budget. Some of the economists in and out of government are saying this would be a disaster, using the same sort of "if GDP is growing, don't worry be happy" pronouncement you refer to above. **When GDP is adjusted for the dollars spent on the criminal justice system and clean-up costs for preventable environmental disasters, then I might have some faith in this as a bellwether of wellbeing.** [homeownership](#)

As for the coming "boom," I simply repeat my observation that there is no U.S. economy; there are only regional economies competing with one another as well as with other nations. We have the beginnings of speculative booms in some places, stability in others, and continuing recessions in others. People who cannot sell their houses because they owe more on them than they are worth cannot take their services elsewhere to seek employment. So much for the mobility of the labour force. This is one of the unfortunate sides of the American dream of home ownership; when a lease expires, one simply does not renew.

Only around 25-30% of households own their own homes. By good fortune, I just read something that helps resolve the difficulty. It seems that a great deal of anti-trust legislation from the Progressive Era had been aimed at monopoly in the flicks, which had started with Thomas A. Edison, who was as much a patent-litigation bully as he was a pure inventor. Much of this legislation became unravelled under President - guess who? - Ronald Reagan, spawn of the "entertainment" industry, and political voice for same. Vertical integration and media mergers and monopolization then ran wild. Disney under Eisner, of course, has played a role in this. Disney as real estate developer throws its heavy weight around brutally.

This question arose in connection with Georgist taxation, and what it would do about Mr. Eisner, and overpaid CEOs like him. The answer, I think, is that "Georgism" involves more than taxation. It also involves promoting competitive markets and smiting or breaking up mergers, monopolies, and restraints of trade, by various means. It was, after all, part of first the Populist, and later the Progressive Movements.

"Georgism" may be construed narrowly as a limited fiscal reform. Some of its votaries present it that way. As such, it is rightly suspected of being a bit cranky, and too limited. I see it as a broad front program to limit centralized monopoly control of industry, and promote free entry and free competition with proper regard for both consumers and workers.

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Some free market purists may look askance at anti-trust actions. Consider, however, that we are dealing with people who hold patents, which are inherently anticompetitive, especially when used as clubs in the Edison manner. Consider also we are dealing with corporations, which are inherently combinations of capital made possible by the device of limited liability. When government gives an anticompetitive privilege, it seems fitting that government should limit the resulting abuses of power.

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