The Rent's Still Too Damn High — Here's How to Lower It

Kevin Carson

January 13, 2011

I frequently argue that, far from the result of the "free market," the recent speculative bubble was the result of over a century's worth of government intervention. The bubble resulted from vast disparities of wealth — disparities created by the state and its enforcement of privilege — with a growing share of income going to classes looking to use it for investment rather than consumption.

Someone recently challenged me to describe exactly what government interventions I'd eliminate to remedy this situation, and exactly what effect I'd expect them to have. So here, without further ado, is my free market agenda for macroeconomic stability.

I'd eliminate all patents and copyrights. This would eliminate the portion of the price of manufactured goods which consists of embedded rents on artificial property rights. It would also eliminate the legal barriers to full-fledged competition from modular product designs for ease of repair and reuse, which currently make planned obsolescence artificially profitable.

I'd eliminate all legal barriers to the competitive supply of secured credit (i.e., no minimum capitalization requirements as a condition for licensing banks that only lend money against the property of their members), all legal tender laws that limit the use of LETS systems, and all banking laws that either limit LETS systems from advancing credit against the future labor of their members, or limit practices like Tom Greco's credit clearing systems which allow members to run account deficits.

I'd cease to enforce all absentee title to vacant and unimproved land, which would result in market competition driving out a major part of current land rents and mortgages.

I'd fund all long-distance transportation with user fees, and make the heavy trucks pay 100% of the cost of the roadbed damage they cause. This would have a huge indirect effect toward making the centralized "warehouses on wheels" model less profitable, and promoting a decentralized, relatively low-capital, demand-pull model based on lean production, without the imperative of artificially inflating demand to fully utilize the capacity of expensive specialized machines.

I'd eliminate zoning laws which impose enormous costs on small producers by making it illegal to run microenterprises out of their homes and force them to engage in large batch production to amortize the costs of stand-alone commercial real estate if they want to be in business at all. Ditto for all "health" and "safety" codes whose main effect is to mandate outlays for industrialsized equipment if they want to be in business at all. There would be a lot more home-based microbakers, microbrewers, home-based daycare and assisted living, unlicensed cabs with just a car and cell phone, and clothing makers, all with next to zero overhead to service because they use spare capacity of capital goods most people already own.

And I'd eliminate "safety" codes whose main effect is to outlaw vernacular building techniques and give professional contractors with high-overhead and high-capital techniques a monopoly on the creation of housing.

The effect of the last two planks would be to radically increase the share of total consumption needs that could be met through low-overhead production in the home, or by trading with others engaged in such production, and to reduce the total amount of wage labor required to meet one's needs.

The effect of all the previous ones would be to lower the total real cost of obtaining stuff that had to be obtained through the cash nexus, and hence of the total labor time required to earn the money to pay for them.

The overall effect would be a significant shift of labor time at the margins from wage labor to labor in the informal and household sectors. There would be more part-time workers, more households with only one full-time wage worker where there are now two or more, and more early retirees. And there would be more people who could afford to ride out periods of employment while waiting for a job offer more to their liking, rather than desperately grabbing onto the first offer that came their way.

Taken all together, that would mean reduced demand for hours at wage labor compared to the available supply. There would be relatively fewer workers competing for jobs, and more jobs competing for workers.

There would be reduced rents on large concentrations of accumulated property, and increased bargaining power of labor. Macroeconomically, this would mean a smaller share of national income going to super-rich rentier classes with a high propensity to save, and a larger share going as a direct reward to labor. A much larger part of GDP would be spent by the producers buying back their product, rather than to coupon-clippers seeking profitable outlets through Ponzi schemes in the FIRE economy.

Ta-daaa! There you have it: A free market agenda for economic stability.

Kevin Carson
The Rent's Still Too Damn High — Here's How to Lower It
January 13, 2011

https://c4ss.org/content/5808

theanarchistlibrary.org