

Monopoly—It’s Not Just a Game

The Roots of America’s Antimonopolist Movement

A TRIP DOWN MONOPOLY LANE: THE GAME,
THE COLONISTS, AND THE BOSTON TEA PARTY

My favorite game growing up was Monopoly. While my dad, then a journalist with *The Minneapolis Star*, would sometimes convince my sister and me to play Scrabble, and the neighborhood kids loved our home version of Jeopardy! (complete with little metal clickers to take the place of the TV buzzer), Monopoly was in a class of its own. For one, it was endless, with weekend marathons at my friends’ houses, especially when it rained. For another it had weird tokens like a thimble and a wheelbarrow (now sadly replaced by the game’s “updated” tokens, which include a rubber ducky and *T. rex*).

With Monopoly, you could collect hotels and houses. You could moan when you paid exorbitant rents for landing on the superchic Park Place, and rejoice when you missed the dreaded Income Tax square. The basic concept was this: the more you owned, the more you controlled, the more you made, the more you squeezed your opponents out of existence. This was assumed to be the true—and the one and only—model of American capitalism. If you managed to monopolize the board by buying up multiple properties of the same color and covering them in rent-producing real estate, you took your opponents out of the game. Whole corners of the game board became debt traps, and with each

roll of the dice and trip around the board your opponents would sell off more and more of their meager holdings just to afford your escalating rents. It was all about winning with monopolies, and there were no competing “antitrust enforcement” cards to get you out of the soup (line).

When I first started running that thimble token around the Monopoly board at the kitchen table of my best friend Amy Scherber’s family cabin, I never imagined I would end up as one of the two U.S. senators heading up the committee dealing with antitrust policy for our country. Yet when people ask me as a senator what monopolies and antitrust policy have to do with their lives, the answer I give now is the same one I gave back then as I raked in the Monopoly money rent on my railroads. *Everything.*

The answer is everything. Antitrust and monopolies have everything to do with our economy, the prices we pay, and the way we live.

The freedom to buy and sell goods and succeed on your own merit has long been at the core of American antitrust policy. But more important, a century before antitrust laws were even considered, the freedom to participate in a competitive market was a central guiding tenet of the American economy. It was one of the major reasons our country was founded in the first place when a ragtag group of settlers and colonists decided to start a new life in a new land. They were fiercely independent and entrepreneurial. And they wanted nothing to do with monopolies—especially government-controlled monopolies—dictating their economic choices.

The American colonists were well aware of the dangers of monopoly power. At the time of America’s birth as a nation, most of its people were farmers, many of them immigrants or descendants of immigrants who’d fled Europe to get a new beginning. They’d purposefully come to a country where they could practice their religion, politics, and entrepreneurship without rules and regulations and without a king telling them what to buy and whom to buy it from. While the European nations financed American exploration and settlements to expand their land acquisitions and trading markets, the actual people who settled America had a different plan in mind. They wanted liberty.

American colonists, as best exemplified by Benjamin Franklin, prized new inventions, but they despised monopoly power. The 1641 laws

of colonial Massachusetts, known as “The Body of Liberties,” contain an audacious expression of the early Americans’ aversion to monopolies: “No monopolies shall be granted or allowed amongst us, but of such new Inventions that are profitable to the Countre, and that for a short time.” Maryland’s first constitution, adopted in November 1776, just a few months after the Second Continental Congress’s issuance of the Declaration of Independence, specifically recited in its Declaration of Rights, “That monopolies are odious, contrary to the spirit of a free government, and the principles of commerce; and ought not to be suffered.” North Carolina’s constitution of December 1776 similarly asserted in its Declaration of Rights that “monopolies are contrary to the genius of a free state, and ought not to be allowed.”

In England, monopolies were technically illegal, except there was one gaping hole in English law: Parliament itself had the right to grant monopolies. In *Darcy v. Allen* (1602), which came to be known as “The Case of Monopolies,” the Court of the King’s Bench ruled that while members of the royal family could not grant monopolies to individual subjects, Parliament had free rein to do so. In that case, Edward Darcy (no relation to the fictional Mr. Darcy of Jane Austen’s novel *Pride and Prejudice*) had received from Queen Elizabeth an exclusive right to import, make, and sell playing cards. The queen felt that playing cards were too popular among servants and apprentices and had reduced productivity. Her solution? She put the entire playing card trade into one person’s hands. The beneficiary was Darcy, who held a position in the royal household known as groom of the privy chamber. After Thomas Allen, a representative of the Worshipful Company of Haberdashers, started making and selling his own line of playing cards, Darcy sued Allen for damages. While Darcy had manufactured “400 grosses of cards” at a cost of 5,000 pounds sterling, Allen, responding to public demand, had produced an additional 180 grosses of playing cards without any royal license to do so.

In what is now regarded as a foundational case in antitrust law, the English court ruled that Darcy’s patent to manufacture and sell playing cards was “utterly void” and constituted a violation of the English common law and acts of Parliament. As the decision was reported by the English jurist Sir Edward Coke, “The queen could not suppress the making of cards within the realm, no more than the making of dice,

bowls, balls, hawks' hoods, bells, lures, dog-couples, and other the like, which are works of labor and art, although they serve for pleasure, recreation, and pastime, and cannot be suppressed *but by Parliament*, nor a man restrained from exercising any trade, *but by Parliament*." The court thus squarely rejected Darcy's argument that Queen Elizabeth could—on her own—restrict the production and distribution of playing cards to moderate their use by servants or laborers or for any other reason. But Parliament kept the power to bestow monopolies for itself, later codifying and cementing its sole right to grant monopolies in what was aptly called the Statute of Monopolies (1624).

In the British Empire, the monopolies conferred by Parliament were the product of corruption, influence peddling, and outright bribes. By 1621, the year after the *Mayflower* had brought the Pilgrims to the New World, there were approximately seven hundred British monopolies in operation. As Christopher Hill writes in *The Century of Revolution* (1961), a typical seventeenth-century Englishman was "living in a house built with monopoly bricks, with windows (if any) of monopoly glass; heated by monopoly coal (in Ireland monopoly timber), burning in a grate made of monopoly iron." As Hill further observed, "He slept on monopoly feathers, did his hair with monopoly brushes and monopoly combs. He washed himself with monopoly soap, his clothes in monopoly starch. He dressed in monopoly lace, monopoly linen, monopoly leather, monopoly gold thread." A man's clothes, Hill wrote of that time, "were held up by monopoly belts, monopoly buttons, monopoly pins," with the man's food "seasoned with monopoly salt, monopoly pepper, monopoly vinegar." Even mice, Hill stressed of royal patents, "were caught in monopoly mousetraps."

It makes perfect sense then that a major motivation of those sailing to the New World was to leave their monopoly handcuffs—not to mention their monopoly mousetraps—far behind. Just as the Pilgrims came to America in search of religious freedom, many settlers came to our shores in hopes of gaining economic freedom—the ability to buy land and farm on their own, get a new job and a fresh start. They were rewarded economically when other countries' businesses bought their crops and goods, and they, in turn, wanted the freedom to do business with whomever they wanted, whenever they wanted. In *Rights of Man* (1791), a book dedicated to President George Washington,

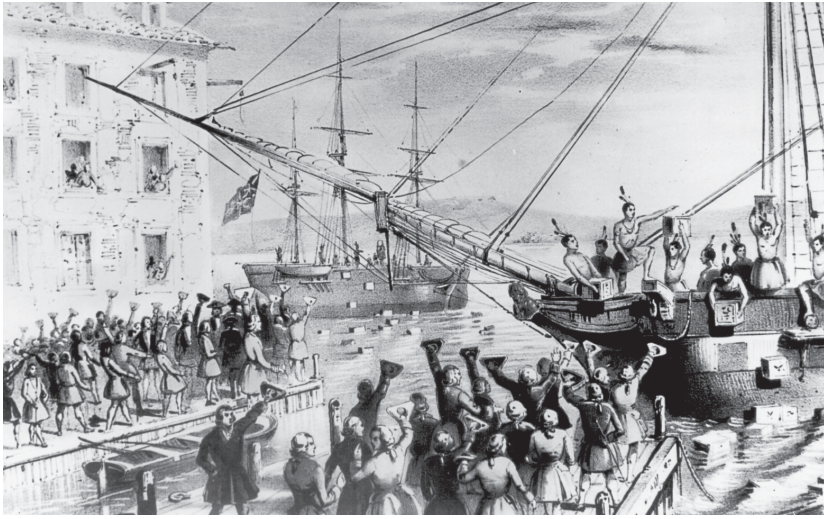
Thomas Paine—often described as the father of the American Revolution because of his authorship of *Common Sense* (1776)—lamented that England “is cut up into monopolies.” Paine’s ideal: “That there shall be no monopolies of any kind—that all trades shall be free, and every man free to follow any occupation by which he can procure an honest livelihood, and in any place, town and city throughout the nation.”

Thus, our country’s Declaration of Independence from England was not only a political Declaration of Independence from a foreign country but also an act of economic rebellion against monopoly power. Back then, colonists who even tried to compete against the British monopoly mercenaries could be fined or imprisoned by the Crown’s prosecutors. And when the economy got tough in England, the king—who, at the time of the American Revolution, was George III—would inevitably resort to more demands dictating from whom the colonists could purchase their goods. His purpose? To bring more profits back across the pond to the mother country in order to shore up England’s eroding economy.

One memorable example back in the 1770s of British efforts to impose a monopoly on America’s colonists? Tea.

The most common takeaway from the 1773 Boston Tea Party—in which colonists threw 342 chests of British East India Company tea into the Atlantic Ocean—was one of taxation without representation. That was most certainly part of the story. The colonists were protesting the English Parliament’s Tea Act because they believed it violated their rights to “no taxation without representation.” The Tea Act, which provided that tea imported into the colonies would be taxed, was the brainchild of Lord North, who’d become the prime minister of Great Britain in 1770. The East India Company, the monopoly established by England in 1600, was in dire financial straits, and Lord North—the British politician who was later said to have “lost America”—was attempting to rescue that failing enterprise with more American tax dollars after a severe drought in India drastically reduced its revenue.

But there was also an underlying monopoly issue that led the Sons of Liberty—men like the Boston silversmith Paul Revere—to toss all that tea into Boston Harbor. During the lead-up to that act of rebellion, the colonists were buying lots of their tea from Dutch traders, with that untaxed tea illegally smuggled on ships from Holland, the Caribbean,



The Boston Tea Party (1773) galvanized opposition to British rule and the British East India Company, a powerful monopoly. The War of Independence (1775–1783) soon followed.

and elsewhere. But the Tea Act sought to change things to favor the East India Company's monopoly. As the historian Mary Beth Norton explains in her book *1774: The Long Year of Revolution*, seven ships carrying East India Company tea had set sail from Great Britain to North America in October 1773 under the auspices of the newly adopted Tea Act. That law allowed the East India Company, for the first time, to sell its tea directly to colonists. Prior to that time, the law required the East India Company to sell its tea at London auctions to wholesalers, who then marketed it to retailers.

By December 1773, five of the ships carrying the East India Company tea had arrived in American ports—in Boston, Charleston, and Philadelphia—while one wrecked off Cape Cod and still another blew off course and got stranded in Antigua for the winter. The American colonists, however, had grown accustomed to getting a large portion of their tea illegally from other merchants. One historian has estimated that just a quarter of the tea consumed in the colonies actually came from the East India Company, with another scholar saying the figure might be as low as 10 percent. Even before the arrival of the ships at American ports, the colonists—in published writings in October 1773—vociferously attacked the Tea Act. One American merchant,

Alexander McDougall, in five broadsides titled *The Alarm*, called the East India Company a “corrupt” monopoly obtained through “bribery” that would “rob” colonists.

The Tea Act was extremely unpopular. And when George III and Lord North insisted on handing over control to one enterprise—the East India Company—it was the proverbial last straw. The East India Company had been founded by royal charter nearly two centuries earlier and given a permanent monopoly in exchange for a £400,000 annual payment to the Crown. But the colonists were not impressed with the company's long pedigree. They sought liberty. And they wanted it so much that they even shunned their beloved tea, shifting their consumption to coffee, in protest, even though colonists were described by one contemporary as “probably the greatest tea drinkers in the universe.” “Tea must be universally renounced,” John Adams would write to his wife, Abigail, in 1774 in the midst of the patriotic fervor, which came to be known as the “anti-tea hysteria.”

When ships loaded with British tea arrived in Boston Harbor in the days before the Boston Tea Party, the American patriot Samuel Adams organized mass protests. More than five thousand people responded to the call, and on the evening of December 16, 1773, the protest meeting was so large that it had to be relocated from Faneuil Hall to the larger Old South Meeting House. Being forced to buy this tea—and to pay taxes on it to prop up a government-sponsored private monopoly—incensed the colonists. As if it weren't enough that they were paying taxes to a British-sponsored foreign merchant, their ability to trade with the Dutch was now stifled and a monopoly foisted upon them.

On December 17, 1773, the day after the Boston Tea Party, John Adams took note in his diary of the “3 Cargoes” of tea that “were emptied into the Sea.” “This is the most magnificent Movement of all,” he wrote, observing that “there is a Dignity, a Majesty, a Sublimity, in this last Effort of the Patriots, that I greatly admire.” “This Destruction of the Tea is so bold, so daring, so firm, intrepid and inflexible,” he emphasized, that “it must have so important Consequences, so lasting.”

And the response of the king? To quote Lin-Manuel Miranda's evocative words from the musical *Hamilton* (as captured in King George's witty solo “You'll Be Back”), the Crown's basic reaction to the colonists' tea hurling was this: “Remember we made an arrangement when you

went away” and “Remember, despite our estrangement, I’m your man.” The refrain of the song includes what was the common belief of the royals at the time—“You’ll be back, soon you’ll see / You’ll remember you belong to me”—capped off by the punchy warning that “when push comes to shove / I will send a fully armed battalion to remind you of my love.”

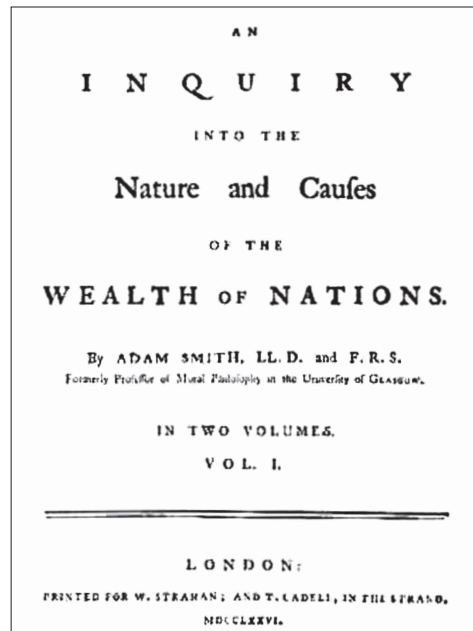
In the wake of the Boston Tea Party, the British Parliament passed the Boston Port Act in 1774, resulting in the blockade of Boston Harbor. Parliament demanded that the city’s residents pay for all the tea that had been dumped into the harbor. In the end, of course, that demand backfired, and the colonists, defiantly donning their tricorne hats, would stand up to the Brits’ monopoly “arrangement” and their “fully armed battalion.” And the flags they carried into battle—bearing blunt messages like “LIBERTY OR DEATH” and “DON’T TREAD ON ME”—captured much of the antitax and antimonopoly sentiment of their time.

EARLY OPPOSITION TO MONOPOLIES: ADAM SMITH,
THOMAS JEFFERSON, AND JAMES MADISON

The colonists’ revulsion against monopoly rule was, in fact, backed up by economics. Three years after the Boston Tea Party, and during the very year that the United States of America formally declared its independence from Great Britain, Adam Smith, a Scottish moral philosopher and economics professor, published his famous book, *The Wealth of Nations*. Smith would later be known as the father of capitalism, with many of America’s Founding Fathers—Madison, Jefferson, and Hamilton among them—regularly citing him in letters and speeches. Like America’s founders, Adam Smith believed passionately in the power of entrepreneurship, innovation, and self-interest to drive both wealth creation and societal progress. As he famously put it, “It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.”

Smith argued in *The Wealth of Nations* for the power of the “invisible hand” to increase a nation’s riches by improving the lives of everyone. By that he meant that those at the top—even when acting entirely in their own self-interest to amass wealth—will naturally (and with-

Adam Smith's *Wealth of Nations* was published in 1776, the same year that the Continental Congress issued the Declaration of Independence. It became a popular book among America's founders.



out even realizing it) lift up those whom Smith called the “labouring poor.” At the same time, Smith made it very clear that he feared the “wretched spirit of monopolies.” He saw the intrinsic evil of monopoly power and specifically warned about how monopolies could greatly constrain competition in the marketplace. He went so far as to compare a monopoly to “an overgrown standing army” that could “become formidable to the government, and upon many occasions intimidate the legislature.” He spoke of the “insolent outrage of furious and disappointed monopolists” that politicians were all too often afraid to cross. He explained how monopolists, “by keeping the market constantly understocked, by never fully supplying the effectual demand, sell their commodities much above the natural price, and raise their . . . wages or profit, greatly above their natural rate.” And he worried about collusion and the power of cartels, explaining, “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.” In other words, a check and balance on monopolies and price-gouging cartels in a free-enterprise system was not only welcome, it was indispensable.

The founders of our country and the drafters of our Constitution, who spoke ardently of liberty but who, paradoxically, enslaved countless human beings, shared many of Smith's concerns about monopoly power. George Mason and Thomas Jefferson, both slave owners, tried valiantly, but in vain, to include a clause in the U.S. Constitution to check monopoly power. Mason, the Virginia plantation owner, feared that "Congress may grant Monopolies in Trade and Commerce" and that northern and eastern merchants would, to the ruin of the southern states, charge "exorbitant Freight" and "monopolize the Purchase of the Commodities at their own Price, for many years." Jefferson, in a letter written in 1787 while he was serving as a diplomat in Paris, complained vehemently about the lack of a Bill of Rights and unsuccessfully sought a specific "restriction against monopolies."

Jefferson and Madison—the Virginians and U.S. presidents who shared a long, cordial friendship—in fact exchanged multiple ideas on the subject of monopolies in the founding era. Jefferson was an inventor (his design for a new moldboard plow revolutionized agriculture and was awarded a gold medal by the Agricultural Society of Paris), but he still opposed the idea of granting monopolies. As U.S. Supreme Court Justice Tom Clark later wrote in *Graham v. John Deere Co.* (1966), "Jefferson, like other Americans, had an instinctive aversion to monopolies. It was a monopoly on tea that sparked the Revolution and Jefferson certainly did not favor an equivalent form of monopoly under the new government."

Madison, while also concerned about monopoly power, cautioned Jefferson against overreacting. A year after receiving Jefferson's 1787 letter bemoaning the lack of a constitutional restriction against monopolies, Madison responded. In his 1788 letter, Madison labeled monopolies "among the greatest nuisances in Government" but made the case to Jefferson that with democracy, where the power is "in the many, not in the few," monopolies would be constrained and the "danger can not be very great." Jefferson, in yet another letter to Madison, conceded in 1789 that he was pleased to see constitutional protections "to persons for their own productions in literature & their own inventions in the arts" for a term of years. Jefferson later wrote, "Certainly an inventor ought to be allowed a right to the benefit of his invention for some certain time. . . ."

Nobody wishes more than I do that ingenuity should receive a liberal encouragement.”

In the end, neither the U.S. Constitution nor the Declaration of Independence made explicit reference to monopolies or slavery—the ultimate monopoly over a person's labor. The Constitution did not allow Congress to ban the slave trade until 1808, thereby entrenching the “peculiar institution” of slavery, and the fugitive slave clause prevented free states from emancipating enslaved persons who tried to escape human bondage. The Declaration of Independence, though speaking of equality while remaining silent about slavery, is centered on individual citizens' “Liberty” and “pursuit of Happiness,” both of which are, themselves, inimical to slavery and monopoly power. In terms of monopolies, the Declaration of Independence contains—in indictment-like fashion—explicit mention of King George III's many “injuries and usurpations,” two of which pertain to the British trading monopolies of the time: “cutting off our Trade with all parts of the world,” and “imposing Taxes on us without our consent.” Of course, those English taxes were aiding private royal monopolies.

The Constitution does confer on Congress the power to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” The purpose of that provision was succinctly explained by Madison in *The Federalist* No. 43: “The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law. The right to useful inventions seems with equal reason to belong to the inventors. The public good fully coincides in both cases with the claims of individuals.” Because “the States cannot separately make effectual provisions for either of the cases,” Madison explained, Congress was given the power to pass laws in those two arenas.

The Founding Fathers' concerns about monopolies were real and well documented. But aside from the Constitution's intellectual property clause, there were no monopoly-related provisions in the country's founding documents. It is no surprise, then, that the Constitution's lack of clear guidance—and the failure of Congress to act in a timely way at the Republic's outset—soon led to an expansion of monopolies. As

America's 90 percent agrarian economy of the late eighteenth century gave way to the Industrial Revolution in the first half of the nineteenth century, the nation's economy grew with every new machine and each new manufacturing process. From Eli Whitney's cotton gin, patented in 1794, to Robert Fulton's creation of the first commercial steamboat in 1807, America's invention-fired economy expanded rapidly. As our country's gross national product increased, the standard of living went up for many Americans, creating what was once called the "middling class."

Yet at the same time, this major economic transition—which included much economic disruption, and then consolidation, during the Civil War (1861–1865) and its aftermath—led to the accumulation of wealth in the hands of the few over the many. And the very thing Madison had argued to Jefferson would be a check on the growth of monopolies in America—the voices of the many as reflected in our system of government—floundered in the face of the new economy. The country's leaders were seemingly inept, unprepared, or, in some cases, deliberately uninterested (due to corrupt arrangements between monopolists and politicians) in dealing with the dramatic changes brought about by the industrial age. Tammany Hall and William "Boss" Tweed, the nineteenth-century politician who took bribes and stole millions from New York City, have become synonymous with the political corruption of the time.

Through the next century, as robber barons and oil magnates bought up much of America's natural resources (from western land to Texas oil to Minnesota iron ore), little was done to check what was clearly a pro-monopoly economic transition. Much of Adam Smith's and Thomas Jefferson's early warnings about monopoly power went unheeded during the nineteenth century, with a few exceptions. There was, for example, the ongoing debate over the First Bank of the United States, which had a twenty-year renewable charter that began in 1791 and which was set up as a private institution that had the monopoly power to print money. The Second Bank of the United States, also a private corporation, was owned, in part, by the federal government. It was chartered by James Madison in 1816, with the national bank receiving a twenty-year charter and opening its main branch, in Philadelphia, in 1817. As the bank's charter was nearing the end of its term, however, President

Andrew Jackson vetoed it. In his veto message of 1832, Jackson railed against monopolies and “exclusive privileges” granted “at the expense of the public.” Ultimately, the bank’s charter was not renewed, and after becoming a private corporation in 1836, it was liquidated in 1841.

As antimonopoly sentiment spread, the country’s political leaders became extremely wary of market consolidation, and for good reason. In 1888, President Grover Cleveland noted that corporations, which had successfully obtained a number of court rulings that allowed them to maintain their monopolies, “should be the carefully restrained creatures of the law and the servants of the people.” Such corporations, he warned, “are fast becoming the people’s masters.”

Despite this ominous warning, the few bills that passed the U.S. Congress at the time were sufficiently watered down so as to have little impact on the well-heeled and well-connected monopolists. With mounting abuses and concerns coming from their constituents, the governors and legislatures of various states tried to step in. Yet these efforts had little effect without a strong national standard and the necessary resources and enforcement wherewithal to give the laws the force they



This 1889 political cartoon from *Puck*, a humor magazine published from 1877 to 1918, depicts the U.S. Senate debating the Sherman Antitrust Act. The monopolists, through their campaign contributions, had such power in that era that even the passage of the Sherman Act did not spell the demise of the trusts. For years, the courts themselves refused to enforce the law’s plain language.

needed to make a difference. And, in the case of the one major federal law passed by Congress, the 1890 Sherman Antitrust Act, the executive branch and judges, through their rulings, effectively refused to enforce it or give it effect for years. The result? As the nineteenth century came to a close, none of the reform-minded politicians' actions had slowed down the monopoly express barreling through the American countryside.

The twentieth century ushered in a new era. As prescient as Adam Smith's and Thomas Jefferson's dire predictions of monopoly shenanigans would be, a new century finally kicked off the coming of age of Madison's stubborn, 110-year-old reply to Jefferson's pleas: that America's democracy, in which the power in the hands of the many can eventually overcome the power in the hands of a few, could act as a restraint on monopolies. For in the decades spanning the turn of the century, a strong populist progressive movement against the consolidated monopolies tore through American politics.

The nationwide union strikes and heartland farmer rebellions gave rise to antitrust powerhouses like William Jennings Bryan, a popular Nebraska congressman who became the Democratic Party's nominee in three presidential elections, and President Theodore Roosevelt. It was in fact President Roosevelt—a Republican—who took on the trusts with such gusto that by 1904, in a case originally brought in my home state (*Minnesota v. Northern Securities Company*), the U.S. Supreme Court finally said that the federal government could sue to dissolve companies that violated the antitrust laws.

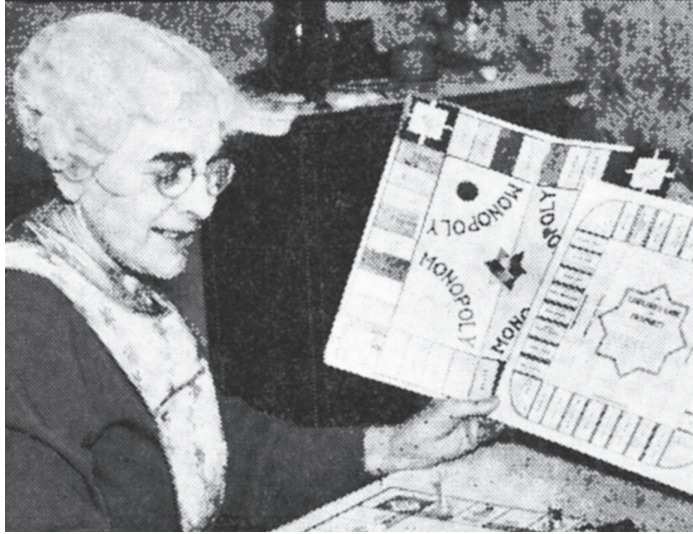
ELIZABETH MAGIE AND THE GAME OF MONOPOLY

It was, of course, no coincidence that the year the U.S. Supreme Court finally heeded Adam Smith's dire warnings about monopoly power—1904—was the same year that the earliest known version of my favorite childhood game, Monopoly, was patented by a woman from Macomb, Illinois, named Elizabeth Magie. It was only recently (and, in part, through a 1970s-era lawsuit and some good old-fashioned sleuthing by the former *New York Times* and *Wall Street Journal* reporter Mary Pilon) that the myth that the game was created in the 1930s by a down-on-his-luck salesman, Charles Darrow, was officially debunked. It was Lizzie Magie, a startlingly progressive woman for her time, and an outspoken

creative sort and women's rights advocate who never married until her forties, who actually invented and filed the first patent for the game. In fact, back when Magie filed the patent under its original name, the Landlord's Game, she would be one of the less than 1 percent of all early twentieth-century patent applicants who were women.

Lizzie Magie designed the Landlord's Game to promote the ideas of Henry George, an American journalist and economist who had written a wildly popular book, *Progress and Poverty* (1879), that sold millions of copies. George's book, which spawned a form of economic populism known as Georgism, explored the puzzle of increasing poverty and income inequality in the midst of the technological advances of the Second Industrial Revolution. To remedy the ills of abject poverty and to try to level the playing field, George—a man who had worked as a seaman and a gas-meter inspector and who had experienced destitution during California's gold rush as an unsuccessful prospector—believed that the rents paid to landowners were sapping the working class. He thus promoted the idea of a “single tax” on land, with other goods, including the necessities of life, to go untaxed. The idea: if working people and the poor (a description that fit most working people back then) could keep all of their wages, poverty would be eradicated more quickly. *The New York Times* reported in 1881 that George—an avowed antimonopolist—not only had “put down clearly in black and white” the causes of poverty but had “offered a cure.” Martin Luther King Jr. would himself later quote from *Progress and Poverty*, which made declarations about the equality of all races. George had written of “a state of society where want is abolished,” with King quoting from that passage of George's book and adding that the problems of education and housing would be solved by the elimination of poverty. The poor, King observed, would gain dignity and be “transformed into purchasers” who would “do a great deal on their own to alter housing decay” when “they have the additional weapon of cash to use in their struggle.”

Henry George, who had visited Ireland in 1882 as part of his *Progress and Poverty* book tour and who had taken the side of the poor against their landlords, was persuaded to enter the political arena just a few years after publishing the book. It was a fateful decision that would, ultimately, shape the views of the future American president Teddy



Elizabeth Magie, the daughter of an Illinois newspaperman who knew Abraham Lincoln, became fascinated by the ideas of Henry George, an American economist who wrote a best-selling book, *Progress and Poverty*, that advocated for a single-tax system. She invented and in 1904 patented a board game, the Landlord's Game, that was the predecessor of the wildly popular board game Monopoly.

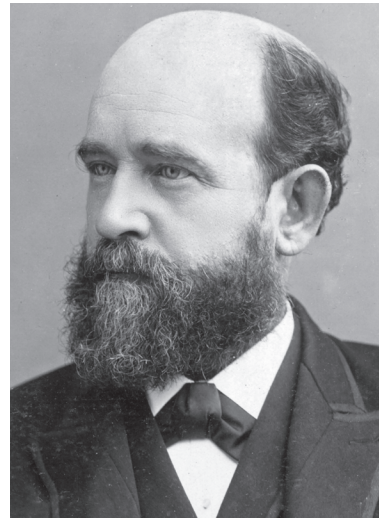
Roosevelt, who once ran against George himself. In the 1886 race for New York City mayor, George was the Labor Party candidate who accepted his party's nomination at Cooper Union, the venue that had vaulted Abraham Lincoln to the presidency. George and Roosevelt, the Republican nominee and then a twenty-eight-year-old former state assemblyman, squared off in a three-way race with Jacksonian Democrat Abram Hewitt, a congressman who represented the Lower East Side and Gramercy Park. Although both George and Roosevelt campaigned heavily for the job, delivering stump speeches to promote their ideas, Hewitt—the Tammany Hall candidate—prevailed in the end. The final vote tally: Hewitt, 90,552; George, 68,110; and Roosevelt—the third-place finisher—60,435. A disappointed Roosevelt thought his political career was over, but instead it turns out he had learned a valuable lesson about politics: the importance of populism and paying attention to the wants and needs of the electorate.

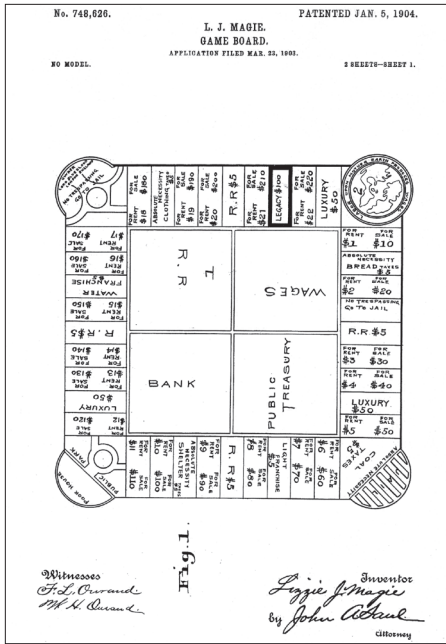
The connection between Henry George, Lizzie Magie, and the Monopoly game is a fascinating one. Lizzie Magie was born in 1866,

twenty years before George's and Roosevelt's spirited mayoral campaigns. She grew up in a middle-class family, though the family's fortunes ebbed into crisis after the panic of 1873, a financial crisis that triggered a depression that lasted until the end of the decade. Lizzie had to drop out of school to bring in some extra money for the family, and with the growing popularity of typewriters she dutifully found work as a stenographer. When, around 1890, the family relocated to Washington, D.C., she continued that work, finding employment as a typist in the Dead Letter Office—the office tasked with handling undeliverable U.S. mail. By the 1890s, that office processed twenty thousand to twenty-five thousand letters or packages on a daily basis. In 1893, Lizzie—the always enterprising young woman—applied to patent a device she engineered to allow different sizes of paper to pass more easily through typewriter rollers. But her real passion was for Georgism, writing, and inventing games.

When Elizabeth Magie created the Landlord's Game, she drew upon her personal experiences, including “absolute necessity” spaces for bread, clothing, shelter, and coal. American families relied on coal to heat their homes, and the bitter, hard-fought Coal Strike of 1902 in Pennsylvania's anthracite coalfields—one led by the United Mine Workers of America—was very much on her mind when she filed her patent application for the game. When the players of Magie's game

Henry George, a critic of the immense power of the railroads, wrote a global best seller, *Progress and Poverty* (1879), that inspired an economic philosophy known as Georgism. George wrote of the paradox of inequality and poverty at a time of great industrial and technological progress. He supported antimonopoly reforms and a land value tax to help remedy the social ills he saw.





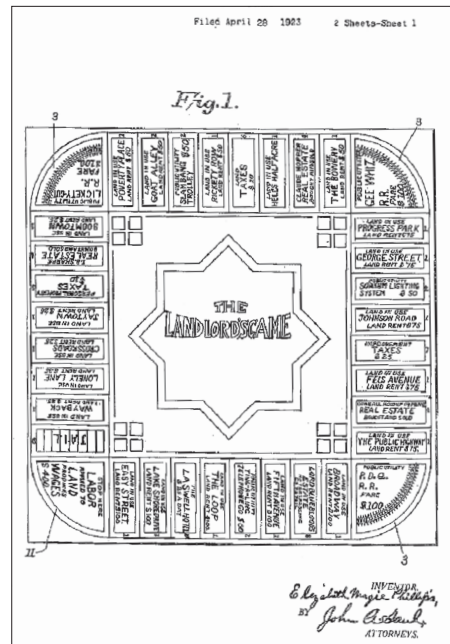
In 1903, Lizzie Magie filed a patent application for a new game, the Landlord's Game, to help bring further attention to the economic ideas of Henry George, whose book *Progress and Poverty* sparked reforms during the Progressive Era. Enthusiasts of Monopoly will recognize similarities between that board game and this one—featuring four places for railroads—that Magie designed.

landed on the “absolute necessity” spaces, they had to pay \$5 each time to the “public treasury.” The Landlord's Game was designed—above all else—to interest players in Henry George's economic theories, with players earning \$100 each time they went around the board.

We now know that Magie developed the first version of what she patented as the Landlord's Game—which later became Monopoly—complete with four railroad squares, Chance cards, a “Go to Jail” stop, and a luxury tax, all to protest the big monopolies of her time. Magie's original Chance cards even had quotations on them, including this one from the wealthy industrialist Andrew Carnegie: “The greatest astonishment of my life was the discovery that the man who does the work is not the man who gets rich.”

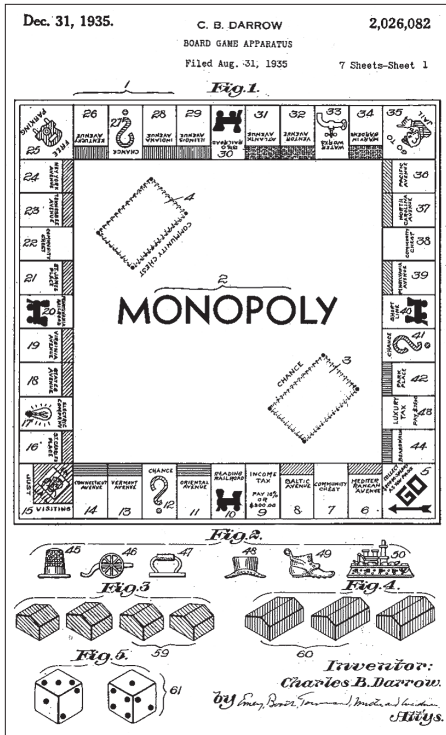
But here's the monopoly twist: Elizabeth Magie actually created two sets of rules for the game. The first set of rules are those of the current game I played growing up, in which a monopolist can crush opponents by virtue of monopoly holdings, while the other—the antimonopolist version—didn't stand the test of time (or the preferences of the game's promoters). The antimonopoly version of the rules actually spread wealth in a more egalitarian fashion across the board and rewarded all

The 1923 patent application—filed by Lizzie Magie after she married Albert Phillips—for a revised version of the Landlord's Game. Her game, which featured named streets, was used at the University of Pennsylvania and other colleges to teach Georgism, a then-popular economic theory. Lizzie later sold the rights to her game to Parker Brothers.



wealth creation. That version of the rules was, in truth, the whole reason Magie invented the game. She wanted to focus Americans' attention on the unequal distribution of wealth created by the monopolists of her time.

Despite Elizabeth Magie's 1936 interview with *The Washington Post* in which she made the case that she—and not Charles Darrow—actually invented the Monopoly game, the pioneering female inventor died in relative obscurity in 1948. Darrow, who'd learned to play the game from Charles Todd, a neighbor who'd enjoyed playing a version of the game in Atlantic City, had simply modified it in 1933 by sprucing up the board and then sold it at department stores like F. A. O. Schwarz before Parker Brothers bought it in 1935 and licensed it worldwide. "While Darrow made millions and struck an agreement that ensured he would receive royalties," *The New York Times* later reported, "Magie's income for her creation was reported to be a mere \$500." It was Parker Brothers—the game company that made those millions for Darrow and, of course, for itself—that paid Magie the \$500 (with no residuals) in 1935 to ensure that she would not be able to make any legal claims against Parker Brothers in the future.



After playing a version of Lizzie Magie's game, Charles Darrow began to make, distribute, and sell a modified version of the game. Darrow unsuccessfully attempted to sell it to Milton Bradley, but he then persuaded Parker Brothers to buy the game in 1935. In that year, Darrow filed a patent application for the game of Monopoly, with Parker Brothers purchasing Lizzie Magie's 1924 patent, marketing the game of Monopoly, and turning it into a blockbuster success.

Two days after signing the agreement with George Parker, the man who'd built the company and who had traveled all the way from Salem, Massachusetts, to Arlington, Virginia, to acquire the rights from her, Magie sent him a letter saying of her invented game, "Farewell, my beloved brain-child. I regretfully part with you, but I am giving you to another who will be able to do more for you than I have done." Sadly for Lizzie Magie, Parker Brothers was much more interested in making money than in promoting Georgism. And although the company, as promised, dutifully brought out the Landlord's Game in 1939, four years after bringing out Monopoly, Magie's version never took off.

Later dubbed by *The New York Times* as "the progressive who didn't pass go," Lizzie Magie must have been smiling from the heavens above when, in 1973, a San Francisco economics professor tried to recapture her original idea and developed an antimonopoly version of the game. The Anti-Monopoly game developer, San Francisco State University professor Ralph Anspach, was then sued by the then owners of the Monopoly game (yes, by that point, Minnesota-based General Mills owned Parker

Brothers, the game manufacturer) for trademark infringement. It was over the course of that lawsuit, with all its claims and counterclaims, that Lizzie Magie's pivotal role in the creation of the storied Monopoly franchise was unearthed.

The Monopoly versus Anti-Monopoly case went on for ten years with both verdicts and appeals. At one point, after a trial court judge, the Nixon-appointed Spencer Williams, ruled that Anspach had committed trademark infringement, Anspach was ordered to "deliver up for destruction" any remaining copies of his game. In a demonstration of its corporate power in the David-versus-Goliath litigation, representatives of Parker Brothers invited the media and buried approximately forty thousand Anti-Monopoly games in a landfill in Mankato, Minnesota, the place where my husband, John, grew up. Anspach, by then deeply in debt, had flown to Mankato to witness the demoralizing spectacle, but he was utterly helpless to stop the destruction of the games. Ultimately, General Mills sold Parker Brothers to Tonka (later bought by Hasbro), and the San Francisco professor's game was finally allowed to move forward after years of legal wrangling.

As a quick aside, in January 1980, after Anspach won a victory on appeal in the years-long litigation, he decided to try to dig up the Anti-Monopoly games. He traveled back to Mankato in an attempt to unearth his buried games—this time, with his own press in tow. The trip to Mankato got Anspach some publicity, but the Anti-Monopoly games would remain in the landfill. What Anspach, the fifty-three-year-old Californian, quickly discovered is that the Minnesota soil was frozen solid at that time of year and that, by then, the land on which the games had been interred had been sold to a real estate developer who was constructing houses in the area. Six hours of digging in near-zero temperatures failed to turn up anything.

Today, the website for the Anti-Monopoly board game notes how it is played: "Players choose free enterprise or monopoly, then play under different rules. Competitors charge fair market value while monopolists take over whole neighborhoods and jack up rents. In real life, monopolists have an unfair advantage. But in Anti-Monopoly, competitors have a fair shot at coming out on top!"

During my late-night 1970s Monopoly marathons, I knew none of this. Back then, the Landlord's Game was no longer in production.

And Anti-Monopoly—the more modern, equally disruptive version—certainly wasn’t an option either.

The result? The only Monopoly game available to me growing up taught me and millions of Americans a clear economic lesson about the virtues of making money by going big. Yes, I played Monopoly in the 1970s as I was supposed to, with the simple goal of buying Park Place and Boardwalk and the Railroads and then collecting the exorbitant rents. I learned capitalism one way—the Monopoly way. And all I ever wanted to do was to beat my mom, my sister, my friends, and even my grandma (something I did more than once). Despite Elizabeth Magie’s historical purpose in creating the game—to teach the masses about the dangers of monopoly power—I didn’t even know what “antitrust” was. Counter-monopoly, antitrust laws didn’t even merit a square on the board. And they were definitely not contained in any of the Chance cards stacked in the pile in the middle of the game board.

But in the real world, where the U.S. Department of Justice has an Antitrust Division and we have something called the Federal Trade Commission charged with protecting consumers, the cards don’t have to be stacked against us. We can change the rules of the game. Looking back through American history shows us that antimonopoly fervor and antitrust enforcement were once our ways out of the mess. Now it is our job to do it again.