

# COMPETITION

COMPETITION occurs when one strives to do better, qualitatively or quantitatively, something which others are doing. It also happens when one provides a unique good, or service, or one which provides an acceptable substitute for a going thing. Since many risks are inherent in any endeavor, and no one can predict, with certainty, what resources will be required to bring it to a successful conclusion, the individual (personal or corporate) is justified in charging for his efforts all the market will bear. His customers will tell him soon enough if he is charging too much either by trading elsewhere, or doing without his product. There is no competition where everyone wins.

To the consumer, there are no indispensable goods excepting air,

water, and minimal living space. The former two are free goods, excepting the cost of storage and delivery of the water. Basic living space has never been an issue in civilized societies outside the rarity of banishment. As for all the rest, including food and shelter, the options are too manifold to permit anything being called indispensable. This marks the ultimate power of the consumer and assures us that the producer, or entrepreneur, can never take advantage of him.

When competition for the favor of the consumer has created the immense variety of goods and services now available in our society, the simplicity of this process becomes obscure. Pundits, intellectuals, politicians, and those who are low in the competitive scale are spurred by envy of this cornucopia of material wealth. They find rationalization for their envy in such ideologies as

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Marxism, or "Christian Socialism." Ignoring the evident reality that there is less disparity between our richest and our poorest citizens than in any other past or present society, they make ever-increasing demands for redistribution of national income by political force. War is being waged on the miracle of competition. They are trying to "kill the goose that laid the golden egg."

### **Conspiracy?**

The chief gambit in this war on competition is the charge of conspiracy. Big business, so the claim goes, is conspiring to gobble up the small firm and bilk the consumer. Conspiracy is one of the most difficult indictments either to prove or disprove, but especially difficult to disprove when envy is the majority witness. After all, corporate executives do talk to one another and do direct their policies, including prices, with some regard to what they learn from one another, as well as from consumers. There are also interlocking directorates and a good deal of mobility of executives between corporations. (There appears to be no oversupply of executive talent and experience.) So, charges of the existence of an "inner circle" in any industry are easy to believe in the light of envy.

However, a fair and general observation informs us that such appearance of collusion exists in

human affairs at all levels. The non-pejorative word for it is cooperation. And, the peculiar thing about it is that those who are most adamantly opposed to "corporate conspiracy" are the most enthusiastic adherents of cooperation. Indeed, the centerpiece of Franklin D. Roosevelt's New Deal was industry-wide collusion and blatant price fixing. While the Supreme Court declared the NRA vehicle of that policy unconstitutional (one conservative decision in this era which has stood), its spirit still lives among the "liberal" Democrats. It is quite clear that they have no real objection to conspiracy—as long as they direct it. Their tacit excuse, even sometimes explicit, is that their motives are pure, while those of corporate tycoons are rather uniformly suspect, if not downright venal. For most of this century, their intellectual apologists, from Lincoln Steffens to John Galbraith, have been able to peddle this conception of affairs to the constituency of envy.

### **Blaming the Advertiser**

A companion scapegoat to corporate conspiracy has been advertising. The liberal claim that advertising is corrupting the public taste, endangering the public health, and impoverishing the common people also calls for inspection. As for health and longevity, they have improved throughout our history, most

especially recently. It is only fair to suppose that advertising is more an answer to public taste than its cause.

It is also fair to ask what liberal intellectuals have contributed to the improvement of public taste. It seems reasonably obvious that General Motors, General Electric, American Tobacco, and others have had little impact on the taste for bad art and literature and trivial education which are the foundations of consumer choice. On the other hand, liberals seem to be at the forefront of every movement toward the elimination of discriminative taste, just as they have led in the trivialization, even vulgarization, of the school curricula.

On the broader view, the case against advertising in general would seem to be as dubious as that against corporate conspiracy. Unbiased observation suggests that advertising is much more the caterer to public taste than its creator. In any event, corporate advertising power is more than matched by that of its detractors, who have gained support of the Food and Drug Administration, E.P.A., and the Surgeon General, among many others too numerous to mention.

Indeed, governmental meddling with competition, including discriminative antitrust suits, render corporate intrigue much more likely to occur, if not downright necessary.

If the great firms do not combine "in restraint of government," it is not at all impossible that they will eventually lose the opportunity to compete. Such an eventuality certainly lurks in the plans of Ralph Nader, as well as in the Galbraithian critique, which would make them kennel dogs of the state.

When the efforts of Common Cause to deny corporate use of funds in political self-defense through lobbying and political contributions, the politicized clout of Big Labor, and support of their enemies by the American Civil Liberties Union are taken into consideration, survival of competitive Big Business does seem in question. Long-term corporate obeisance to, if not connivance in, creeping inflation further mars the fighting chance for competition's survival, for it has conceded the ultimate (money) power to the politicians.

### **Government Involvement**

Finally, if we wish to be honest about it, we must recognize that there is now only one viable source of genuine conspiracy in restraint of trade: that to be found in our governments, federal, state, and local. For, aided by the blight of "revenue sharing," teeming bureaucracy has now nosed into the smallest hamlet in the land.

Regional agencies of every kind abound in frustration of competi-

tion. Combined with inflation, they have all but brought construction to a standstill, effectively throttling competition in the housing industry. Auto builders seem headed toward a similar slump, with other industries expected to follow. The signs of "recession" are generally faced with acceptance that the economy needs "cooling down" and consumers will restrict spending. High interest rates, credit controls, a slight fiat money squeeze, and a token balancing of the budget are expected to halt inflation. An "excess profits tax" on the oil companies has been added to this assault on competition. With this on top of at least 42 per cent of the nation's product falling into the control of government, it is difficult to imagine how competition can be strengthened.

Healthy competition, combined with honest private cooperation will only be revived when government is forced to relinquish its monopoly of conspiracy in restraint of trade and is made to concentrate upon its basic duty marked by common and statutory law, as prescribed by the Constitution, and the maintenance of

domestic peace, security, and the furtherance of peaceful commerce among nations.

As in England and elsewhere, the state has run the course in attempting to manage private competition and has proved its utter incompetence to assume that task. Neglecting its constitutional duties, our federal government has saddled its people with perennial national debt, misappropriated private property (both by inflation and by exorbitant taxation) in the unconstitutional transfer of wealth, overregulated all private activities, and made a shambles of our relations with the rest of the world.

The list of grievances against George III, in the Declaration of Independence, reads like a catalogue of the vices which our own government now perpetrates upon us. No revolution is now called for because the proper documents are all still in place. All we need to do is put into office men who understand, and will abide by, the "highest law in the land." The proper business of all genuine intellectuals is to educate the populace to that end. ☸

#### IDEAS ON

#### Trade



LIBERTY

THERE is nothing so useful to man in general, nor so beneficial to particular societies and individuals, as trade. This is the alma mater, at whose plentiful breast all mankind are nourished.

HENRY FIELDING

# LAW LEGISLATION AND LIBERTY: Hayek's Completed Trilogy

In 1973 Professor Hayek published the first volume, under the heading *Rules and Order*, of a trilogy entitled *Law, Legislation and Liberty*. Its place in the long development of his thought in the field of legal and political theory was examined in "The New Thought of F. A. Hayek" (*Modern Age*, Winter 1976), which offered the observation: "If we may judge from the standard established by the first volume, the scholarly world can await a feast of analysis

and argument of masterly vigor and profundity. The whole three-part work will surely be a landmark in the development of fundamental political and legal philosophy."

The trilogy has now been completed. The second volume, *The Mirage of Social Justice*, was published not long after the first, but the world had to wait until May 1979 for the appearance of the third, *The Political Order of a Free People*. It is now possible to see whether the high expectations aroused by the first volume have been fulfilled.

*The Mirage of Social Justice* opens with an examination of the rules governing the spontaneous order or cosmos, which was presented as the order of the free society in the first volume of the trilogy. The rules, we are told, are a device for coping with our inevitable ignorance of more

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