

# Fair and Unfair Competition

by Sydney Mayers

Political economy, being a science, properly concerns itself with broad principles and general tendencies, rather than with specific individuals or groups. The sincere student of the subject accordingly develops a studied objectivity in his approach, deliberately considering the forest and not the trees. This does not imply that the political economist is unmindful of the welfare of the individual. It does indicate that the well-being of the unit necessarily stems from the well-being of the whole, and that the individual can best progress and prosper by sharing in the progress and prosperity of all.

One aspect of politico-economic operations which consistently troubles those engaged in trade and industry is the practice of competition. If moved by humanitarian sympathy rather than by scientific logic, one may readily be swayed by the apparent suffering of individuals unable to meet competition. It seems plausible when one hears of the small manufacturer eliminated by the giant industry, the local storekeeper overwhelmed by the national chain, or the individual businessman starved out by the powerful corporation. There are anguished cries against competition, which is almost inevitably described as "unfair" or "cut-throat." Even the industrial colossus cries "Foul!" when another colossus steps on its economic toes.

Yet the fact is, nothing is fairer than competition anywhere along the chain of production, provided only that there is reasonable equality of opportunity among the competitors in-

involved. Goods and services are exchanged on the market; the market reflects demand and supply, determines value and fixes price. And the essential element in the working of the market is competition in its various forms: competition among different kinds of goods, among different makers of similar goods, among sellers, among buyers, and general competition for the consumer's dollar. Clearly, success in a competitive market depends upon better quality, service, prices or terms—each an advantage to the consumer. Thus, given sufficient freedom, competition in the market-place balances supply and demand, lowers prices, increases buying power, improves quality and usefulness, and encourages production. The checks and balances created by competition benefit everyone, even the marginal operator, who is practically compelled to turn to a more fruitful type of production.

## The Power of Privilege

But a question arises: can competition be "unfair"? The answer must be yes, it is unfair when one of the "competitors" possesses a special privilege or power denied to the other. For example, he who seeks to compete with the monopolist of an economic necessity, can hardly hope to prevail. Nor can anyone expect equitable competition if he is pitted against the power and privilege of a government agency.

In a detailed report, The Wall Street Journal recently disclosed why grocers all over the country find their sales of flour, meal, margarine and other staple foods tumbling month after month. "The grocers," says the report, "are

up against a massive competitor who is not just beating their prices but giving food away free. The competitor, of course, is the Department of Agriculture, which has been directed by Congress to turn over part of its huge surplus food stocks to state welfare departments." The food is then distributed via county agencies to welfare clients and "low income groups."

The states and counties determine their own eligibility rules for recipients, and since the giveaways are immersed in local politics, these rules are sometimes pretty broad. "The result," continues the report, "is that the taxpayer's surplus food stocks are being channeled to many who could hardly be called down and out. Thus, instead of increasing total consumption of food and cutting down the surpluses to the full extent the Congressional planners intended, there is instead a

great deal more substitution of government distribution for commercial distribution." During the year ending June 30, 1956, a total of 3,466,114 persons received free food, surplus disposal to schools and "low income families" aggregating some 660,000,000 pounds of victuals.

There is no need to labor the point. As Henry George stated, charity is a noble characteristic in man, but as an economic practice it is abhorrent. Men of good will sympathize with the plight of the indigent, and are always eager to share life's necessities with them. But it is more than dubious that proper charity for the needy can justly be based on a policy whereby thousands of small businessmen, themselves struggling to make a living, are forced to face insurmountable competition from a government presumably intent on protecting their interests.

