



### “Private businessmen should welcome government competition.”

WHEN A CASTRO commandeers property and takes dictatorial charge of one major industry after another, hardly anyone is fooled into believing that this is just another example of good clean competition. But let American business or professional people protest the entry of government into such fields as electric power, shipbuilding, and medical service, and immediately they will be charged with unwillingness to face the rigors of competition: Why shouldn't the government be allowed to compete? Isn't the government just another competitor—another business enterprise (as claimed, for example, in advertisements of the Rural Electrification Administration)—a “yardstick” (as claimed for the TVA)?

There are features of competitive private enterprise that many persons do not fully appreciate. In the first place, open competition affords no room for force; it is contrary to the basic rules of voluntary exchange to compel anyone to buy or sell anything. Free trade occurs only when, and because, each party sees a gain to himself from the transaction. No one needs to rob or cheat or brow-beat another to come out ahead when an exchange is voluntary. A man may buy or reject whatever is offered to him by any seller, and if he thinks all suppliers are asking an exorbitant price for any given item, he is free to enter the business himself. That is another basic rule of competitive private enterprise: force is not to be used to exclude competitors from any business. That's what *open competition* means—open to anyone who chooses to risk his own resources on his own responsibility.

Protecting or defending the lives and property of peaceful citizens is the proper business of government. And if government is to serve effectively to suppress and discourage private outbreaks of violence, fraud, deliberate injury to peaceful persons, then government needs to be the strongest force in the society. Government involves force—a monopoly of legal force; and that's all it is or ought to be. To the extent that government functions properly and maintains the peace, individuals are free to develop their individualities and serve themselves and one another in optimum fashion through competitive private enterprise and voluntary exchange.

Why shouldn't the government be allowed to compete with entrepreneurs in the market place? Because government is the police power, competent only to perform policing functions. It has nothing to “sell”—except its power to use force. If government offers bread, it offers, in effect, to force taxpayers to grow the wheat and mill it and bake the loaf and distribute it. If government offers old age assistance, it offers to force creative, productive taxpayers to care for the nonproducers. If government offers money, it offers to take that money or its equivalent purchasing power from productive individuals, by force, if necessary. If government operates a business enterprise, it first must force taxpayers to provide the plant and equipment and personnel; in effect, government must collect taxes or tribute from each private operator in a given industry before it can set itself up as a “competitor.”

Nor is government bound by any ordinary tests of success or failure, profit or loss. As long as government can collect taxes, it can't fail as a “competitor,” no matter how inefficient its operation. It can thus bankrupt and drive from business the worst and the best of all private operators. Government can, and sometimes does, monopolize a peaceful business, such as handling the mails; not because it is more efficient than private operators but because it is powerful enough to eliminate competition. It always tends toward monopoly.

A businessman has every right to complain if government enters his industry as a “competitor.” How would you like to compete in private business with someone who could force you to provide his initial capital and send you the bill for all his losses? Competition, in the free market sense of the term, is a nonviolent, peaceful attempt to win a customer's favor by serving him best. Government's only proper role is to see that force is *not* used against any customer or against any active or potential competitor. When government uses its force and power of taxation to enter the field of business, that is tyranny, not competition.

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