IDEAS ON LIBERTY
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What Protects Consumers and Workers?

Baltimore Sun political writer H. L. Mencken once warned, "The whole aim of practical politics is to keep the populace alarmed, and hence clamorous to be led to safety, by menacing it with an endless series of hobgoblins, all of them imaginary." As saviors, politicians then announce an array of government programs to safeguard a grateful electorate from one hobgoblin or another. For that safety, taxpayers are forced to cough up billions of dollars to finance government agencies like the Federal Trade Commission (FTC), Consumer Product Safety Commission (CPSC), and the Food and Drug Administration (FDA).

What is it that ultimately protects the consumer? It's not government but competition—many commission producers competing with one another for our dollars. What motivates a grocery store manager to have sales, introduce new products and services, and incessantly search for other ways to please us and make us loyal customers? The easy answer is that the manager seeks greater profits, but profits cannot be simply decreed because he has no power to force us to shop at his store. He must lure us into his store, pleasing us more than our next best alternative—his competitor down the street.

The lives of the manager and his employees would be much easier if they could get legislators to write "level playing field" laws to "protect consumers" against cutthroat competition. That law might mandate that all grocers charge the same prices, sell the same items, and provide identical customer services. That way competition would be reduced. Right now your grocer and his employees know that if he charges high prices and provides poor service, you will take your business elsewhere. That would result in less business, lower profits, and possibly bankruptcy. But if the manager and his employees could persuade lawmakers to enact a level playing field law, it would be a different story.

The identical principle applies to workers. Some people think labor unions, Occupational Safety and Health Administration (OSHA), and minimum wage laws protect the worker. Unions, OSHA regulations, and minimum wage laws do protect the jobs and income of some workers, but only at the expense of other workers' jobs and incomes. Unions and many labor laws are little more than a collusion against other workers. Union leaders argue that their right to strike is their most powerful tool in their pursuit of higher wages and better working conditions. That is not true. All by itself a strike is little more than a mass resignation. It is the union's ability to use government-backed power or violence to prevent employers from hiring other workers in their places that makes a strike effective. That is why the 1980s air traffic controllers strike failed; they could not prevent the Federal Aviation Administration (FAA) from hiring other

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workers. What truly protects workers as a group is competition, where many employers are competing for their services.

The identical principles of competition apply to government. There we call it federalism. Federalism means there is a central government with strictly enumerated and limited powers. Most political decision-making occurs at state and local levels of government. There is jurisdictional variety, and citizens, with their assets and talents, have the power to leave a less-preferred political jurisdiction and move to one more to their liking. This is precisely what the Framers had in mind when they wrote Article IV, Section 4 of our Constitution: "The United States shall guarantee to every State in this Union a Republican Form of Government."

When there are competing jurisdictions, state and local governments must bear the cost of their mistakes. For example, in the 1940s and '50s, with government help, New England textile workers were successful in negotiating wages that exceeded their productivity. Textile manufacturers started moving to the South where wages were lower. In 1954, with union support, Senator John F. Kennedy sought higher federal minimum wage laws to discourage the southward movement of textile manufacturers. By thus raising labor costs in the South, he was hoping to impede manufacturers from "voting with their feet."

What is said here about competition is not restricted to strictly political or economic matters. A more-preferred lady is always treated nicer if she has many suitors; however, competition makes it possible for less-preferred ladies to effectively compete with more-preferred ladies. They do that by offering what economists call "compensating differences"—lower prices and greater services. In fact, there is an old rock-and-roll song about this competitive process that bears the title "If You Wanna Be Happy": "If you wanna be happy for the rest of your life, never make a pretty woman your wife. So for my personal point of view get an ugly girl to marry you" (www.geocities.com/oldiesheaven1/happy.html).

We should always demand competition, whether it's in the market or in the political arena. Competition promotes the interests of the ordinary person. □