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I Support Economic Regulation!

by Scott McPherson

The evils which men perpetually call on the State to cure by superintendence, themselves arise from non-performance of its original duty. — Herbert Spencer, *Over-Legislation* (1853)

On a recent camping trip with my brother-in-law and his family, my wife expressed doubt that the British rail service could ever reach its full potential as long as it is regulated by the government. “But,” my brother-in-law responded, “there has to be *some* regulation.”

After careful consideration, I’ve decided that he is right.

Whenever the question of regulating business comes up, it is always presumed that without government oversight planes would drop from the air, trains would come off their rails, food would be poisonous, and cars wouldn’t have any brakes. Understandably, most people view government regulation as a simple safety net that ensures that we all get a safe and reliable product.

Leaving aside the fact that, even *with* a mammoth regulatory state, consumers are still regularly being hurt or killed because of malfunctioning products, another question arises: By what right can one single person call on the force of government to dictate to another person (or group of persons) how he will offer his goods or services on the market?

“Well,” comes a predictable response, “I want the things I buy to be safe.” Okay, but why is it that, prior to your purchasing the actual good or service, you get to call in a third party — the state — to tell me what, when, how, and to whom I will sell what I have to offer? This is the crux of regulation: That one person enters, with a gun in his hand, into a relationship based on trade, that is, the *free exchange* of goods and services. He tells a seller, “You can sell me a car (or house, or bike, or computer), but my friend over here will first tell *you* exactly what kind of car (or house, or bike, or computer) you will make available to me — or else.”

Of course, at this point, the businessman can simply refrain from offering *anything* to the consumer, but who wants that?

Still, we cannot have businesses running around selling shoddy products, can we? The short answer is: No.

In a free society, anyone could sell whatever he wants to whomever he wants, and at whatever price and under whatever conditions he likes.

However, he does *not* have the right to hurt or defraud anyone. That is, he must respect the rights of each individual citizen to be free from force or fraud.

When a consumer enters into a trade, it can safely be assumed that he does not wish to be hurt, killed, or defrauded by the transaction — to suggest otherwise would be completely illogical, as no rational person enters into a trade in the hope of coming off worse than he was when he went in — that would be contrary to the entire concept of “trade.”

But when a person offers a product or service for sale, we as buyers still have to make a choice: Do we trust that what we are getting is what we’ve asked for (or what is implied), or do we not? If we trust the seller, we buy the product, and hope that our choice was the correct one. If we do not, we find someone else to buy from, or just go without. For most, these two choices are not enough, which is why they bring a gun to the negotiating table.

In Ayn Rand’s classic novel *Atlas Shrugged*, the heroine, Dagny Taggart, is asked by a reporter, “What protection do we have against your railroad being no good?” Her answer perfectly addresses the issue: “Don’t ride on it.” What such an arrangement implies is the presumption of innocence, or rather, a presumption that when someone offers you something in exchange for your money, you in turn are getting what *you* asked for. After all, *he*, the seller, is getting what *he* asked for — the cash — so you can rationally expect the same consideration. Anyone doubting this is free to walk away.

Should a buyer find, however, after he has purchased the product or contracted for the service, that it is not what he wanted — it isn’t, in his opinion, safe, or adequate, or what was advertised or promised — he ought to have recourse to civil, and possibly even criminal, law. That is, he can take the seller to court and demand that he be compensated for his loss or that the perpetrator be punished for his behavior. However, it is up to the person claiming to have been victimized to show proof that such was indeed the case. *To employ force or coercion prior to such a violation’s being proven turns legal principles on their head.*

So, in the final analysis, I have to admit that I also support regulation of the marketplace — through the use of the court system to decide issues of fraud, deception, endangerment, and contractual infractions. If you need more assurance than that, just don’t get on the train.

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