

link in a longer route, as a portion of a larger shipment, and so on. There is no way that a third party can objectively assess a rate between transacting parties as "non-compensatory." Neither can the seeming difference in rates between similar moves be objectively labeled as "discriminatory." In short, the prices charged in voluntary transactions are nobody else's business but the parties to the transaction.

Suggested Remedies

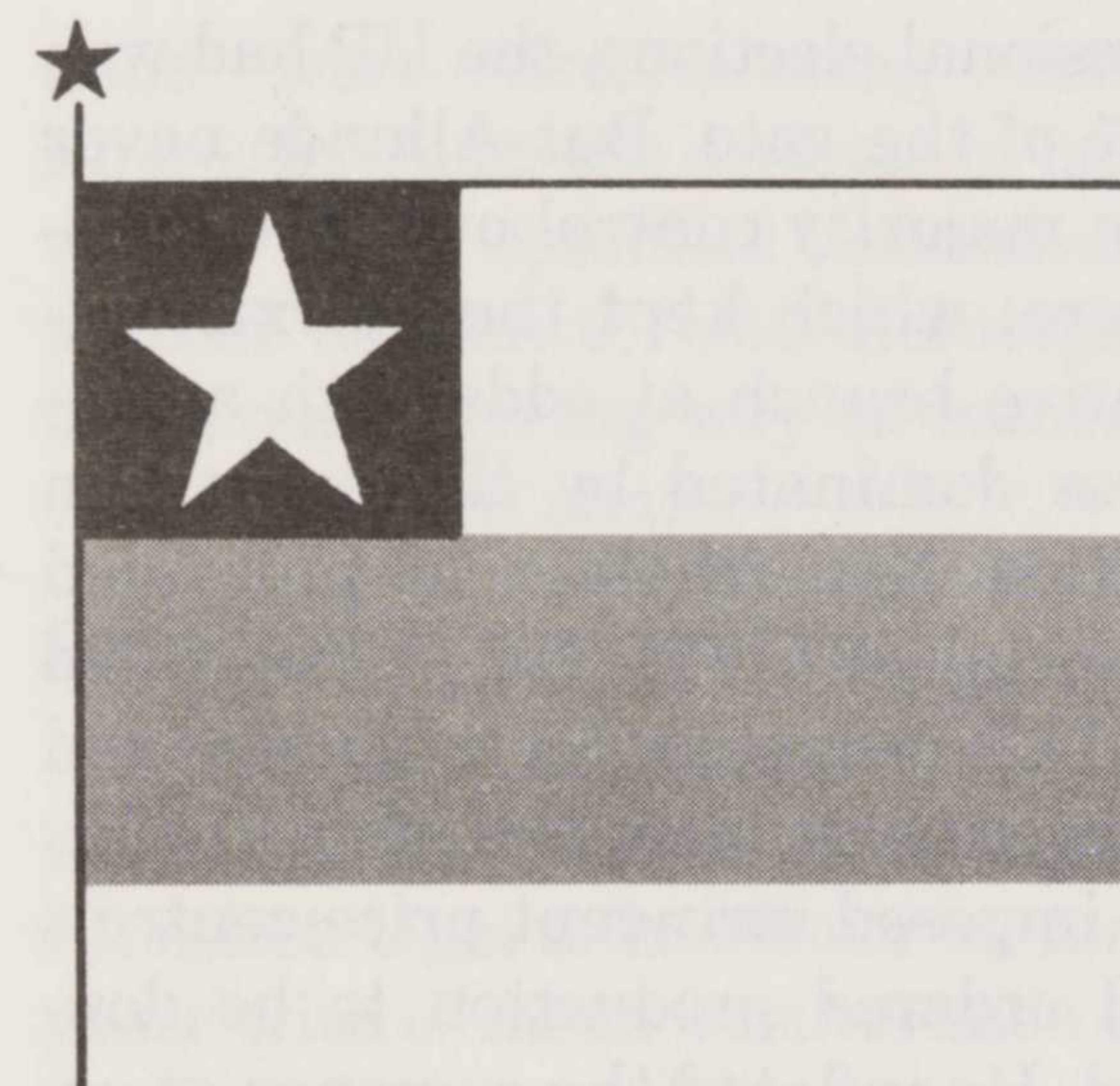
Problems with economic policy will persist as long as the alternative remains of resorting to force of law to compel trade conformity. Collusion and price fixing would be insignificant if there were no legal barriers to entry. Because the public sector has sought to intervene in private economic activity, assorted minor market imperfections have been replaced by substantive difficulties.

To address the specific question of where we go from here, let us suggest the following semantic remedies. The government should define any private voluntary economic transactions as "just and reasonable." Any voluntary economic act between consenting adults should be considered "equitable" and "in the public interest." Government should concern itself with preventing the employment of coercion by criminal organizations or individuals. This is the sphere wherein government can

exercise its legitimate police powers. Protecting the public from overt and covert coercion in business practices is the most productive realm for government action.

Semantic confusion stems from the lack of focus on what public power can accomplish and on the inherent incompatibility of attempting to control dynamic economic activity through static statutory means. If the government seeks to control millions of transactions through regulatory rules, public policy will fail to achieve either justice or efficiency. If the legal effort is focused on maintaining a free market system, it can succeed. Creating the legal forms which will protect all free market transactions is a clear and attainable mission. It is free of semantic clutter and accounting headaches. That the Interstate Commerce Commission should have to examine cost accounting systems, revenue data, industry profitability averages, and the like in an attempt to promote equitable regulations is a laborious and futile exercise.

The government really needs to ask only one basic question: Is an economic transaction voluntary? If it is, government has no role to play. If it isn't, the coercive act should be prosecuted as would any other act of extortion. In this way, government would perform the function for which it was established in this country: defending the people's freedoms. ☉



Hans F. Sennholz

FREE MARKETS IN CHILE

EVER SINCE September 1973, when a military junta seized power in Chile, the world has been treated to the rare spectacle of an unexpected restoration of the market order by military fiat. Socialism with many of its ramifications was summarily replaced with an individual enterprise order. National borders were opened to international trade and commerce, markets and prices were set free from bureaucratic restraints and restrictions, government learned to live within its means, that is, balance its budgets, the national currency was reformed, and many public enterprises were returned to private ownership. Even in such fields as education and old age insurance, government beat a hasty retreat and

made way to the private property order.

And yet, all these remarkable achievements, admired by the friends of individual enterprise everywhere, are seriously flawed. They were attained by order of a military junta and are safeguarded by armed power and might, that is, by an authoritarian state, which is denying basic human rights to thousands of its citizens and repressing important political rights to all. To most observers, Chile stands condemned as an outcast in the family of nations, a pariah country run by generals and colonels who lord over their subjects. In the world press and the international news media, Chile is a primary target of severe censorship and bitter condemnation.

The friends of the market order are bewildered and perplexed by the Chilean situation. If they hail the

Dr. Sennholz heads the Department of Economics at Grove City College in Pennsylvania. He's a noted writer and lecturer on economic, political and monetary affairs.