

# The Family Heritage Series

A weekly discussion of Americanist truths and traditions for those "heirs of all the ages" who will have to preserve that most important inheritance of all — freedom.  
Produced by the Movement To Restore Decency.



Volume II

Lesson Eighty-Two

## Competition

### LESSON IDEA

To show that competition is an essential ingredient in the free enterprise system. It works automatically to see that we get better goods at lower prices, and to reward those who have earned it.

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**I**N THE COUNTRY of Utopia, the leading university in the capital city of Daydream once had a very fine baseball team. At the start of the season, no one really thought the team would do very well. It did not have any outstanding players on it, the coach was new to the job, and last season the team had not even broken .500.

But this year was different. The team, which was called the Hopefuls, won its first game in the eleventh inning by a score of 3 to 2. The players won their second game by 5 to 1, leading all the way. During their next three games, their opponents never scored a run. The sixth game went into extra innings, but again the Hopefuls won it. With two out in the bottom of the thirteenth inning, the pitcher hit a bloop single into right field, scoring a man from third.

On and on the season went. When it was over, the Hopefuls had won the city championship with an undefeated record. Then, they took the regional championship. And finally, in a game that lasted twenty-three innings, they won the national championship by a score of 9 to 8.

The entire country exploded with excitement.

The underdog team from the nation's capital had had a perfect season! Thousands of excited fans lined the streets of Daydream to cheer the players. The mayor gave them the key to the city. Politicians stood in line, to have their photographs taken with the team.

One legislator, who represented the district where the team's best hitter lived, even proposed that the Congress of Utopia pass a bill, proclaiming the team the best that ever played baseball. In fact, he suggested the team was so good that it should never have to play another game. "After all," he said, "haven't these boys already proven they are the best? Why should they have to prove it again and again?"

To the surprise of everyone except those who know how politicians sometimes vote, the Congress did approve the bill. By law, it proclaimed that the Hopefuls would never have to play another game to prove they were the best; they were declared champions by an act of Congress.

**T**HE TEAM WENT on a tour of the nation, meeting fans, speaking in schools, riding in parades, opening fairs, and visiting hospitals. Everywhere they went, the champions were welcomed and cheered and invited to huge banquets. In fact, for eighteen months they did almost everything but practice or play baseball.

Then one day, during a visit way out in the country, the Hopefuls were invited to play a

practice game with the local high school team. There were only fifteen children in the high school, and eight of them were girls. So the baseball team had a girl playing shortstop, and another playing left field. They were pretty good, too.

Naturally, no one thought the high school team would do very well. After all, they were playing the best team in the nation. But the Hopefuls had not practiced or played in eighteen months, and it quickly became obvious that something was wrong. First, they couldn't get a hit. Then, when they took the field, the centerfielder missed a pop fly, the pitcher walked five men in a row, the shortstop tripped and fell while chasing an easy ground ball, and the second baseman threw the ball over the first baseman's head by ten feet! To everyone's surprise, when the game was over the high school students – including the girl who played shortstop and the one who played left field – had beaten the famous champions by a score of 23 to 2.

Everyone was amazed at the results. They couldn't imagine what had happened to the champion team. But you know what happened, don't you? What was it? [*Encourage everyone to answer, until all agree that the lack of competition was what hurt the team.*] Can you imagine any team that could improve, or even remain the same, without playing other teams? Why is competition so essential to develop athletic ability? Would practice alone be enough?

### FOR YOUNGER AMERICANS

Elementary school students will recognize at once why competition is essential in sports contests. But it is doubtful if many of them have considered how the very same principles apply to our economic system. Draw further parallels from tonight's lesson, to make certain they understand this point.

For example, what would happen in a baseball game if every time a team scored a run, the umpire demanded they play with one less person? Or gave the other team extra outs until they caught up?

In sports, only the champion team receives the trophy. Is this fair? What if every team received one, whether it finished first or last? How do these same principles apply to what happens in business, when government interferes with the free enterprise system?

**T**HE SAME THING is true in the free enterprise system. It depends on competition to improve production and distribution, and to lower prices. In business, the "prize" is increased sales, not a trophy. And competition works automatically to award this prize to the businessman or producer or manufacturer who earns it.

Let's take a look at one product and see what happens as a result of competition. For our discussion, let's use something with which we are all familiar, and which really hasn't changed much over the years. Let's see what competition has done for milk.

Many years ago, most families had a very simple way to get the milk they wanted. They did not depend on dairies or bottlers or milk stores. What do you think they did? [*They raised and milked their own cows.*] Before too long, someone decided to go into the business of raising cows, and selling milk to his neighbors. He became a specialist. What do you think would determine whether people bought milk from him, or continued to raise their own cows? [*The answer, of course, is price.*]

Yes, if our entrepreneur (which means someone who starts a business) could sell milk at such a low price that his neighbors would rather pay him for it than raise their own cows, he would be in the dairy business. And as he got more and more customers for his milk, he would need to buy more cows, and hire more workers. He would probably need to get a wagon, or several wagons, for the deliveries. Which means he would need drivers, and horses, and more milk jugs.

Now, if this business began to make a profit for its owner, something else would soon happen. What do you think it would be? Yes, someone else would decide to go into the dairy business. In larger communities, there might be four or five different dairies selling milk. With this many different dairies, what would happen to milk prices? Would they get very high, or stay as low as possible? How would this competition keep prices down? Competition would also encourage each dairyman to search for even better ways to produce milk less expensively. Why would a dairy farmer want to lower his costs?

Without trying to list all of the advances that have been made in the dairy industry to reduce

costs, let's consider just one result of mechanization. In the old days, cows were milked by hand. A dairy farm with one hundred cows required several employees just to milk them. Then one day, someone had the idea of making a machine that would milk cows automatically. And since it was much less expensive to purchase a milking machine than to hire many workers, dairy farmers liked the idea very much.

Perhaps the first dairyman who bought a milking machine found that, instead of lowering the price of milk, he could keep more profits for himself. Do you think this would work very long? What would happen when a second dairy bought a milking machine, and then a third?

**C**OMPETITION and free enterprise have also been at work where milk is sold. At one time, milk was purchased directly from the dairy. Then, a storekeeper found that he could buy it from the farmer, and re-sell it to his customers, making a small profit for himself in the process. If there were just one store in a community where milk could be purchased, the owner might not be very concerned about keeping his price low. He would want to sell it for as much as he could get. But just as soon as someone else realized that milk could be

sold for less, and still make a profit for the store owner (to reward him for his investment and time), another milk store would open.

In addition to keeping prices low, competition also keeps quality high. A dairyman or store owner who sold milk that wasn't fresh, or had been diluted with water, would either correct his activities or he wouldn't stay in business very long. As long as customers have the freedom to "vote" for a business – and they "vote" every time they make a purchase – they want to select the one that provides the highest quality at the lowest price.

Now, in our discussion we have used as an example a product that has not changed very much for hundreds of years. But because of competition and free enterprise, everything about it has changed – from the farms, to the containers, to the stores, to the delivery system. Because of the competitive free enterprise system, we Americans are able to consume more milk at less cost than any other nation in the world. And at the same time, hundreds of new industries and thousands of new jobs have been created.

Competition can also cause great changes in products, however. For example, have you ever seen a picture of the cameras that were used one hundred years ago? Instead of flash cubes and neat film cartridges, what did they use? Over the years, thousands of hours and millions of dollars have been spent to find ways to make cameras that are easier to use, cost less money, and take better pictures.

Today, instead of scratchy black and white prints of subjects who had to stand or sit still for several seconds, we can take beautiful color pictures of almost anything. Some cameras even develop their own pictures. And the cost of cameras is so low every family can afford one.

As you look around you, you can see hundreds of different products and services that have changed and are still changing because of competition. As long as the free enterprise system operates, it will cause more and better goods to be invented and produced, and to be sold at lower prices.

#### FOR SERIOUS STUDENTS

Whenever someone speaks of a "regulated economy," he usually means regulating prices, profits, and wages. However, the competition within the free enterprise system automatically regulates all three. How does it do this?

One of the first things done in any regulated economy, such as socialism or communism, is to eliminate competition. Why is it impossible for competition to exist in a controlled economy?

In a free economy, consumers decide what will be sold and at what price. They "vote" every time they make a purchase. Who decides production and prices in a controlled economy? Which system produces more goods, wider selection, and lower prices?

Can manufacturers, employees, or consumers enjoy real freedom in a regulated economy? Is the United States' economic system becoming more controlled and regulated, or less? Offer examples to support your conclusions.

**B**EFORE CONCLUDING tonight's lesson, we should consider what happens when competition is prevented. How can competition be prohibited?

There is really only one agency that can do it. Do you know what it is? Yes, only government can prevent open competition in business, either by running some enterprise itself, by prohibiting others from competing with it, or by giving it an unfair advantage, such as a subsidy.

Some persons believe that government *should* interfere with competition, to prevent some businesses from growing too large while others fail. "It is unfair," they say, "to permit a company to go out of business, thereby creating unemployment, just because the owners cannot make a profit." It is true that, under free enterprise, the businesses that cannot compete successfully for customers will fail. But what happens if government decides to keep these firms operating?

First, prices will remain higher than necessary. (The business does not have to find ways to save money, or pass savings on to the customers.)

Second, quality will be low. (Competition is as essential to make a business perform better as it is to make a baseball team play better.)

Third, government will get bigger, and taxes will go up to pay for this increased government.

Fourth, imagination, creativity, and invention are not rewarded as they would be under free enterprise. Which means that some new products, new procedures, new inventions, and new industries, which would have been created under competition, may never exist.

These same things occur, of course, when government runs some enterprise itself, or prevents others from competing with a business. In a very real way, when government interferes with the free enterprise system, we all lose. We lose money, in the form of higher prices and greater taxes. And we lose part of our freedom, because we cannot choose the different business or product or method that otherwise would have been created.

### ***Concluding Thought***

It is true that, under competition, some businesses will fail; some persons will lose money and some will lose their jobs. But it is also true that more new jobs will be created, and more persons will have a chance to make a profit, thanks to this

same competition. And everybody will share in the rewards, through better goods, lower prices, more jobs, wider selection, and in a very real way, more freedom.

It is as foolish to propose that competition be stopped in the market place as it is to suggest that competition be stopped in athletic contests. We should be very thankful for the competitive free enterprise system, and the fruits and rewards it supplies.

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### **The Family Heritage Series**

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For parents who wish to teach their children the true meaning of liberty, responsibility, and our Americanist heritage.

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