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Review of “The Pattern of Competition,” By Walton H. Hamilton

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and chairmen of congressional committees when the business under consideration pertained to such agencies and committees.

Mr. Corwin is of the opinion that such a change would be constitutional. He maintains that it would preserve much of the vigor of the office and yet, at the same time, safeguard against the serious weaknesses which are now apparent. A cabinet of this type would remain advisory, but it would "bring presidential whim under an independent scrutiny which today is lacking." It would "capture and give durable form to the casual and fugitive arrangements by which Presidents have usually achieved their outstanding successes in the field of legislation."

Again and again the reader is impressed by the rich background which Mr. Corwin brings to bear on the numerous complicated topics which he discusses. It may not be possible to agree with every one of his conclusions, but they are always thought-provoking and at the very least worthy of careful consideration.

HAROLD ZINK†

THE PATTERN OF COMPETITION. By Walton H. Hamilton. New York: Columbia University Press, 1940. Pp. ix, 106. \$1.25.

It is difficult, if not impossible, to discharge simultaneously the functions of an objective book reviewer and an enthusiastic promoter of the same book. Faced with this dilemma, I am rather inclined to undertake the latter function, since it seems to me that this little book by Hamilton represents an important contribution to our current thinking and on that basis deserves very wide attention.

His answer to the question "do we have competition?" is predominately in the negative. It persists only in the economic text books and in certain statutes designed to preserve by legal sanctions conditions which the drive of the profit motive is rapidly eliminating from our economic system. "Business, unable to impose an orderly design on industry, has passed on these responsibilities to an amateur state committed to public control."

One of the author's most interesting viewpoints is that competition is after all a product of economic transition. The ways of petty trade which became dominant at the time of the Industrial Revolution were crystallized into a "system." Classical economic theory, developed at this early transition period, succeeded in smoothing over a rough empirical structure and evolving a complete system.

The reviewer has always held the opinion that Adam Smith and his colleagues, exercising the function of keen observers of the economic currents of their times, devised a satisfactory and workable explanation of the interplay of forces in a transitional period. The followers of Adam Smith in later years, and not the founders of classical economics, are the theorists who stick to the standard pattern rather than adjust the theories to conditions based on realistic observation of a changing economic world.

Hamilton stresses the point that during the past century the economist

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was "the intellectual on the side lines," concerned with developing "the mechanics of competition." What has evolved is the "great explanation and the great apology." "Theory need not accord with reality, it is belief which makes it true!"

Taking a look at the present, Hamilton finds a number of agencies of control which have evolved to prevent chaos. Modern industry in itself is a social revolution. The technical processes designed to serve human wants have resulted in a variety of huge organizations, until we have simultaneously the systems of household economy, state control, and business economy, with combination replacing competition in the latter. It becomes clear that the profit motive leads quite as readily to combinations as to competition.

In the face of this apparently inevitable economic trend, the believers in the sanctity of competition have rushed up legal artillery to hold the front. For some fifty years the principle of the Sherman Act, designed to preserve competition, has been written in the statutes. The efforts to enforce it have varied. Hamilton points out that it is not the consumers nor the dominant producers who evoke the act, but the little producer and seller. "Status quo gets the breaks by becoming the defendant in court as business becomes the spectator—the drift from the world of actuality into the shadowland of ritual is inevitable."

What then should be the pattern, if competition is no longer effective? At this point of projecting a program, Hamilton is not quite as clear or incisive as in his portrayal of what has happened and is happening. Perhaps no one, short of a drafter of panaceas, can be more explicit. He suggests strengthening the antitrust approach to make competition effective in those areas where it could predominate, particularly by means of an economic analysis attack on the problem, rather than a legalistic approach. Recognizing the broad areas in which business combination or state control seems bound to predominate, he suggests a somewhat loosely constructed industrial court which would evolve codes of industrial government and apply the techniques of planning and supervision.

He believes that there is no escape from an adventure in the formal control of business. The agency for social control in the non-competitive area must operate on the premise that industry is the instrument of general welfare. Where the market rules stick to competition and anti-trust action, where the open market is gone, the norms of order and justice must be worked out by new and evolving institutions.

The great value of the book lies in its penetrating analysis of our economic evolution down to date, and its realistic facing of the facts of the present situation. The picture presented cannot fail to challenge any reader to speculate about the future. A book which achieves that end is laying the fundamental groundwork for constructive action.

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