

## NOTES ON THE TRANSLATION OF F.A.HAYEK'S “COMPETITION AS A DISCOVERY PROCEDURE”

MARCELLUS SNOW

My first sabbatical leave from the Department of Economics at the University of Hawaii at Manoa came during the 1980-81 academic year. I was fortunate enough to spend it as a Fulbright research scholar at the Universität Bonn through the kind invitation of Professor Carl Christian von Weizsäcker, then affiliated with the university's Institut für Gesellschafts- und Wirtschaftswissenschaften.

My area of concentration was the deregulation, liberalization, and privatization of the telecommunications industry. I had first pursued this interest as a financial and political analyst for the Communications Satellite Corporation; it later flourished into a dissertation topic at the University of California-Berkeley in 1974. That, in turn, was published two years later as the first book-length treatment of the economics of satellite communications.

I began my sabbatical year subscribing to the prevailing neoclassical school of economic thought, which emphasizes efficiency, scarcity, constrained optimization, and related notions. While at Bonn, however, I came across a paper entitled “Der Wettbewerb als Entdeckungsverfahren” [“Competition as a Discovery Procedure”]. Its author, Professor Friedrich A. von Hayek, had presented it in 1968 as part of a lecture series sponsored by the Institut für Weltwirtschaft an der Universität Kiel. The paper, published as No. 56 in the series Kieler Vorträge, encapsulates many of its author's most novel and important theoretical conclusions from the viewpoint of the Austrian School of economics.

From that point on, I gradually developed an appreciation of the Austrian viewpoint. Like the more widespread neoclassical view of competitive markets,

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MARCELLUS S. SNOW is professor emeritus at the University of Hawaii at Manoa; he can be reached at: [snow@hawaii.edu](mailto:snow@hawaii.edu). Professor Snow wishes to thank the *Quarterly Journal of Austrian Economics* for agreeing to publish the present translation and Dr. Guido Hülsmann for suggestions on improving the translation. He assumes all responsibility for the accuracy of the translation.

it emphasized their merits as efficiency maximizers. In addition, however, Austrian economics stressed the process of competition itself as an information-rich, decentralized, nonbureaucratic, and autonomous “discovery procedure.”

Within a decade of their publication, Professor Hayek’s views had become presciently germane to arguments favoring broad, ambitious reforms of telecommunications policy in the major industrialized countries. Such arguments typically advocated the introduction of competition into the provision of services hitherto offered only by the “post, telephone, and telegraph” (PTT) ministries of those countries, which in most instances jealously guarded their long-entrenched monopoly prerogatives.

As my research focus expanded during the 1980s and 1990s to accommodate increasingly diverse and complex developments in telecommunications, I found myself citing Professor Hayek’s lecture quite routinely. In doing so I became aware that Austrian theory and practice often complement and extend the more familiar neoclassical paradigm without replacing or contradicting it.

Although bits and pieces of “Competition as a Discovery Procedure” began to appear in English as early as the 1970s, I discovered that, by the time I assumed emeritus status in 1998, no full translation of the original 1968 Kiel version was yet extant. I knew that translating such a document into English would make it much more widely accessible. It was this conviction, along with the flexible workload of a retired academic, that resulted in the present translation.

I am indebted to the Institut für Weltwirtschaft an der Universität Kiel for permission to use Professor Hayek’s lecture. Readers interested in other facets of Professor Hayek’s life and work might wish to consult the influential *The Road to Serfdom* (1944) with respect to his political views, or Alan Ebenstein’s excellent *Friedrich Hayek: A Biography* (2001).