Individualistic collusion

The freedoms of the market are of benefit to all individual participants. However, if an individual can subvert the freedoms by acquiring control over the market, increasing his information relative to his counterparts or by limiting their options, then he can extract larger profits. In the abstract model where transactions are costless, the bargaining strength of an individual does not affect the efficiency of markets. But in a world of positive transactions costs, individuals can achieve a quietly dominant position.

Whenever one party becomes dominant in the exchange, the relationship becomes unequal. Individualists facing the dominant market players may feel a reduction in both their choice of trading partners and in the voluntariness of their participation in the exchange.

Unfair market dominance

Dominant market players seek to impose their personality over the impersonality of the market. Monopoly prices destroy the immaculate amorality of the market order. In markets where monopoly or oligopolistic exploitation is possible, however, the consideration of equitable prices or wages becomes relevant.[18] Dominant players seek to reduce the options of others, by making themselves the only option.

Dominant players apply their own order to market disorder and uncertainties. It is one thing to accept one's helplessness before disorder; it is unacceptable, especially for an individualist, to be helpless before the order of another. We can accept accidental misallocations, but we cannot accept misallocation by coercion. As monopoly order enters a market, its fairness has to be examined. It is unfair for a participant to be independent from market forces, and it is unfair for other participants to be made dependent upon that dominant player.

---

[18]Von Hayek, *op.cit.,*1947, p. 111:

What standards we have are derived from the competitive regime we have known and would disappear soon after the disappearance of competition. What we mean by a just price, or a fair wage is...the price or wage that would exist if there were no monopolistic exploitation.