

Everyone Can Win in a Truly Competitive Market

by Alan W. Bock

Advocates of a free and open economy in a free and open society often find themselves hampered—and sometimes hamper themselves—because of a widespread misunderstanding of the word “competition.” Where friends of freedom simply mean an absence of arbitrary restriction, opponents and neutral observers often think they are endorsing and promoting a vicious, dog-eat-dog-cut-throat-you-have-to-be-No.-1 process that many find distasteful and unhealthy.

The word “competition” means something drastically different in the context of economics than it does in the context of sports, war, or national hegemony. In economics the meaning is limited. It simply means that access to markets is open—or at least available to all comers on a nondiscriminatory basis. If anybody who wants to can offer goods or services without being subject to a veto by government or those already in that business (assuming they can raise the capital to do so and attract customers), then the market is said to be competitive. Nobody can keep competitors out by force of law.

This meaning of competition is often subsumed by or identified with another meaning derived roughly from sports and more pervasive in our culture. This meaning was described in a recent article in *The New Age Journal* by Alfie

Kohn as “mutually exclusive goal attainment—my success requires your failure; our fates are negatively linked.” Only one person can win the race, or one team win the game; everybody else is defined as a “loser.” You have to be No. 1 or nothing.

There is little question that this understanding of competition can be personally and psychologically destructive and socially disruptive. If only one person in a race can be the winner, a lot of others may have their self-esteem damaged—or decide not to participate in advance. If winning is the only thing, then cheating and humiliation are likely to be common. A society that assumes that this is what competition is all about is likely to be characterized by a high level of stress, anxiety, or burnout.

That said, it should be noted that many critics of competition erect a straw man to knock down. Even in sports, which furnishes the paradigm, few believe, or act as if they believe, that winning is really everything. Even coaches who say things like “winning isn’t everything; it’s the only thing,” providing easy targets for critics of destructive competition, often turn out in practice to be advocates of sportsmanship, cooperation, teamwork, and losing well when you lose rather than one-dimensional, win-at-all-costs fanatics.

But even if the straw man of the destructively competitive mindset were entirely accurate, it

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would have nothing to do with competition as it is understood by an economist.

In a competitive—i.e., open—marketplace, it is decidedly not the case that you're nothing if you're not No. 1. Although some businessmen get caught up in the rhetoric of being No. 1, or of beating the competition as in a footrace or football game, in most markets you can make a respectable—even lavish—living as No. 2, No. 6, or No. 17.

In the market that came closest to resembling a monopolistic model for a while—the computer industry, dominated for decades by IBM—several other companies survived, prospered, and even became large by most standards. The latest revolution—personal computers—was pioneered and dominated for a while by upstarts—because access to the market was open. For all its market power, IBM couldn't keep competitors out by law or force.

Values Important to Economic Competition

For all the gamelike rhetoric, economic competition places a premium on the values of cooperation, loyalty, openness to new ideas, and flexibility that critics say are subverted by the destructive kind of competition. In economic competition in an open marketplace, you win by pleasing customers, not by destroying rivals.

In economic competition, success comes to

those who are constructive rather than destructive in their approach. An open marketplace based on truly voluntary exchanges produces untold opportunities for mutually beneficial “win-win” relationships. It is theoretically possible (though perhaps unlikely in practice, given human frailty) for economic competition to produce a situation where there are no losers, where nobody needs to feel inadequate.

Note also that economic competition does not require people to enter the rat-race. If markets are truly open, people are quite free to be laid-back or unconventional, even to drop out of the system or twist the system to fit their particular preferences. Back in the '60s a number of people who claimed to hate capitalism made a pretty good living running head shops or making tie-dyed earth shoes and the like.

The rule for the entrepreneur in a competitive marketplace is: “Find a need and fill it.” Since people are so diverse, their perceived needs are diverse. An open market provides more interstices where people can break away from a stifling corporate lifestyle and do well than does a more controlled economy.

Ironically, an open or competitive economy provides more scope for expression of the values of those who are concerned about the destructive aspects of gotta-be-No.-1 competitiveness than does a controlled economy. It's a shame that a semantic hangup seems to prevent many from understanding this. □

In the May Freeman:

- “Old Banking Myths” by Hans F. Sennholz
- “The Levelers: Libertarian Revolutionaries” by Nick Elliott
- “The Cambodian Experiment in Retrospect”
by Morgan O. Reynolds

Coping with Smoking

by Tibor R. Machan

Various legislative bodies are enacting laws forbidding business proprietors from permitting smoking on their private property—in offices, cinemas, aircraft, stores, and other places. Such policies are touted as a means to combat a harmful habit and to foster public health. But there are serious problems with this approach to the problems of smoking.

Owners of private establishments are being prevented—mostly by city ordinances—from deciding who will be permitted to smoke on their premises. But such government-mandated prohibitions ignore the rights of those who don't mind smoking as well as those who wish to live in a tolerant society. Since smokers now are in the minority, some believe this is the time to descend on them in full force. Their critics are willing to ignore individual rights to freedom of association and private property.

Of course, the issue often is presented in a way that makes it appear that smokers are the ones who violate individual rights. They are said to be assaulting the rest of us with their smoking. But is this really the case? And are the laws really designed to protect the rights of individuals against the intrusions of smokers?

No doubt, smokers can be annoying. Their smoke even may be harmful to those around them. One need not dispute these contentions still to be concerned with their rights.

In most cases, anti-smoking ordinances aren't limited to public places such as municipal

courts. If the government confined itself to protecting the rights of nonsmokers in bona fide public areas, there would be nothing wrong with the current trend in legislation.

Instead of such a limited approach, however, government has embarked upon the full regimentation of people's choices concerning smoking. The government, under the leadership of public health officials, has decided to bully smokers, regardless of whether they violate anyone's rights or merely indulge with the consent of others. This is where government-mandated smoking bans have reached a dangerous phase.

There are many risks that people suffer willingly. And in a society that respects individual rights this has to be accepted. Boxers, football players, nurses, doctors, and many other people expose themselves to risks of harm that come from others' behavior. What is, central, however, is that when this exposure is voluntary, in a free society it may not be interfered with. The sovereignty of persons may not be sacrificed even for the sake of their physical health.

Respecting Individual Rights

Individuals' property rights are supposed to be protected by the Fifth Amendment. Not unless property is taken for public use—for the sake of a legitimate state activity—is it properly subject to government seizure. By treating the offices, work spaces, and lobbies of private firms as if they were public property, a grave injustice is done to the owners.

When private property comes under government control, practices may be prohibited simply because those who engage in them are in the minority or waver from preferred government policy. Members of minority groups can easily lose their sphere of autonomy.

There is no need, however, to resort to government intervention to manage the public problems engendered by smoking. There are many cases of annoying and even harmful practices that can be isolated and kept from intruding on others. And they do not involve violating anyone's right to freedom of association and private property.

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