Dimensions of real-world competition – a critical realist perspective
Hubert Buch-Hansen

Abstract
Mainstream economics consistently ignores the various socio-economic and environmental downsides of capitalist competition and instead lends legitimacy to the prevailing neoliberal discourse according to which merciless competition is unambiguously positive. In opposition to this one-dimensional view, the present paper delineates a heterodox perspective on competition that is able to recognise its many heterogeneous effects. The argument draws on selected aspects of the ontology of critical realism, adding substance to them with empirical findings and theoretical insights from different academic disciplines, with a particular focus on historical materialist political economy. Competition is conceptualised as a social relation, and the paper outlines how competition interacts with numerous other mechanisms to produce a variety of outcomes. Specifically, Roy Bhaskar’s concept of the social cube is utilised to propose a four-dimensional perspective that views competition in relation to (other) social relations, social practices, the subjectivity of agents and the natural environment.

Keywords competition, critical realism, social structures, the social cube

Introduction
“Competition is a key driver of growth and one of the pillars of a vibrant economy. A strong competition regime ensures the most efficient and innovative businesses can thrive, allowing the best to grow and enter new markets, and gives confidence to businesses wanting to set up in the UK. It drives investment in new and better products and pushes prices down and quality up. This is good for growth and good for consumers” (Cable in BIS, 2012: 4).

This statement by Secretary of State for Business, Innovation and Skills, Vince Cable, opens a 2012 UK government report entitled Growth, Competition and the Competition Regime. In its one-sided celebration of competition, and of those regulatory frameworks best able to protect and enhance competition, the statement is symptomatic of the view that has become hegemonic in recent decades, within the UK as well as all other countries of the developed world. Countless are the publications from governments and international organisations that list the blessings of competition while condemning its alternatives. For instance, the countries of the Organisation for Economic Co-operation and Development agree that “hard core cartels” are “the most egregious violations of competition law and that they injure consumers in many countries by raising prices and restricting supply” (OECD, 1998). In line with this view, anti-cartel rules alongside other forms of regulation are enforced by authorities throughout the developed world so as to preserve competition.

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2 I wish to thank Angela Wigger for commenting on an earlier draft of this paper and to acknowledge that my understanding of competition owes much to the insightfulness of her research and to our many conversations about this and related issues over the years. Thanks also to the anonymous reviewers for some helpful inputs. Needless to say, I am solely responsible for any errors of judgement or fact that may be found in the following pages.
The prevailing view on competition is part of the general neoliberal discourse that became dominant after the 1970s. Like other aspects of this discourse, the view is legitimised by mainstream economics, which is premised on the belief that competition motivates employees, improves the functioning of markets and prompts companies to be innovative and produce quality at the lowest possible costs. Indeed, competition is heralded as resulting in economic growth and the maximisation of welfare in society (Eekhoff & Moch, 2004). The neoclassical notion of "perfect competition" has been deservedly and pervasively criticised by scholars outside the mainstream of economics. While the current paper agrees with much of this critique, it aims to shift the focus from the critique of a theoretical concept to more nuanced and critical considerations of the real phenomenon of competition. More specifically, it aims to contribute to the establishment of a multidimensional perspective on real-world competition – one that, inter alia, recognises the ambiguous socio-economic effects of competition and focuses on the environmental dimension of competition.

To this end, this paper incorporates selected aspects of the ontology of the critical realist philosophy of science (e.g., Bhaskar, 1975, 1979). While a purely critical realist perspective on competition is not possible, critical realism can as a philosophy of science play "the role of underlabourer for a more fruitful approach to scientific explanation" (Lawson, 1999: 3; see also Bhaskar, 1989: 191). That is, critical realism provides an ontology (an abstract theory of reality), but it cannot account for actual phenomena in the social world. As such, it cannot tell us, for instance, that capitalism is the currently prevailing economic system or that competition is a crucial part of this system. This paper focuses on selected aspects of the critical realist ontology and adds substance to them by drawing from empirical findings and theoretical insights from scholarship in different academic disciplines. Special attention is given to historical materialist political economy, as this is where the most comprehensive perspective on real-world capitalist competition has been developed.3 Importantly, it is not the intention of this paper to present a full-blown theory of competition or, for that matter, to provide an exhaustive account of the effects of competition. The goal is, instead, to use key features of critical realism as the "ontological skeleton" for a multidimensional heterodox perspective on real-world competition. In drawing from critical realism this paper aims to make a contribution to the critical realist project in economics (see e.g., Lawson, 1997; Fleetwood, 1999). This project entails using critical realist insights not only to help provide immanent critiques of the existing situation in economics but also to construct alternative perspectives (Lawson, 1999: 3). Thus far, however, the richness of the critical realist ontology has not been fully utilized to articulate a multidimensional view on capitalist competition – which is also unfortunate in the light of the calls for a radical reformation of economics education (Reardon, 2012).

In addition to this introduction and a conclusion, the paper is divided into three main sections. The first section briefly outlines the hegemonic discourse on competition and positions the discourse within a broader socio-economic context. The second section provides a general critical realist perspective on competition, conceptualising the latter as a social relation. In this section, it is highlighted that competition interacts with numerous other mechanisms to produce a variety of outcomes in the social world. The last main section utilises Bhaskar’s concept of the social cube to propose a four-dimensional perspective on competition, namely,

3 Several scholars have linked critical realism and historical materialism, and it is widely accepted that the two complement each other in many respects. See, e.g., Creaven (2000), Fleetwood (1999) and Bhaskar (1989).
one that sees competition in relation to (other) social structures, social practices, the subjectivity of agents and the natural environment.

**Competition in mainstream economics and beyond**

“The global capitalist system is supported by an ideology rooted in the theory of perfect competition. According to this theory, markets tend toward equilibrium and the equilibrium position represents the most efficient allocation of resources. Any constraints on free competition interfere with the efficiency of the market mechanism; therefore they should be resisted” (Soros 1998: 126-7).

Neoclassical economists use the notion of “perfect competition” to refer to their preferred market structure. Perfect competition involves the existence of many small and independent companies with no market power (i.e., they are price takers, not price makers); their products are homogenous, and they are unable to guess the moves of their competitors. As a result of these various features, companies produce a level of output for which the price equals the marginal costs. Profits are, in other words, eliminated. Stanford (2008: 133) rightly notes that the question of “[w]hy any capitalist would bother investing in a private company in this environment is one of the great unanswered questions of neoclassical economics”. Perfect competition is often contrasted with monopolistic competition (e.g., Stigler, 1957; Krugman, 1979), and there are various reasons why neoclassical economists prefer the former over the latter. First, companies in competitive markets produce a higher level of output than monopolies and subsequently sell this output at a lower price. Second, by producing at a level where price equals marginal costs, companies in competitive markets maximise social welfare. Finally, “perfect competition is the only market structure in which price and quantity are set by the intersection of the supply curve and the demand curve” (Keen, 2011: 87). That is, when rational agents act under the condition of perfect competition, a Pareto optimal outcome, in which no actor can profit without making another actor’s situation worsen, can be expected. Individual action leads to optimal collective outcomes and, thus, to perfect efficiency.

There is general agreement that no, or very few, markets in the real world are characterised by perfect competition and that, in fact, most real markets are characterised by the very opposite features. However, for many mainstream economists, perfect competition serves as the ideal for how markets would function in the best of circumstances. Perfect competition is, in the words of two economists, “useful as a benchmark against which to measure the competitiveness of actual markets” (Peepenkorn & Verouden, 2007: 18). The less a market resembles the perfect competition ideal, the farther away it is from being perfectly efficient. A major problem with this reasoning is that even if one were to accept the idea that perfect competition entails perfect efficiency, it does not follow that an almost perfectly competitive market is also almost perfectly efficient. Lipsey and Lancaster’s (1956: 11) “Theorem of the Second Best” shows that “given that one of the Paretian optimum conditions cannot be fulfilled, then an optimum situation can be achieved only by departing from all the other Paretian conditions”. In other words, the more conditions of perfect competition are met without meeting them all, the further away from perfect efficiency the economy moves (see also Heath, 2010: 65-80). Notwithstanding the theorem (which neoclassical economists have never been able to refute) and the widespread recognition that perfect competition is an unachievable ideal, the cost of markets not being perfectly competitive remains a concern in
mainstream economics. For instance, Hunt and Duhan (2002: 97) cite a number of studies in the neoclassical tradition that have come to the conclusion that “the social costs of society’s permissive attitude toward monopolistic competition approach 13% of GDP”.

Although they do not operate under the premise that perfect competition characterises real-world economic systems, all traditions of mainstream economics are united in their belief that competition inherently enhances welfare. The more competition, the better. Hence, those versions of mainstream economics that champion the notion of perfect competition and those versions that do not both lend legitimacy to a neoliberal political/regulatory discourse according to which competition is a public good that needs to be intensified and protected. Hence, it is not surprising that competition authorities, such as the European Commission, often justify their endeavours to protect or bring about what they call “effective” or “workable” competition with reference to economics. Indeed, the Commission has, in recent years, been very eager to communicate that its regulation of competition is grounded in “state of the art” microeconomic theory (Budzinski, 2008; Wigger, 2007).

However, the belief in competition has effects that go far beyond economics and competition regulation. Over the past few decades, the aforementioned neoliberal discourse has underpinned the gradual emergence of what Cerny (1997) has labelled the “competition state”. Whereas the post-war Keynesian welfare state, in many respects, aimed to make individuals less dependent on the market for the provision of their welfare, the competition state promotes marketisation; it deliberately exposes all economic activities located within the national territory to competition to enhance competitiveness and produce economic growth. Whereas the state in the previous era sought to shield internationally uncompetitive domestic companies from the full blast of international competition while also providing social protection for its citizens, the competition state does the opposite.

“The underlying aim of state intervention in the twenty-first century is […] not to replace the market, but to make it work more efficiently. Government promotion of competition […] is the most fundamental and indispensable means to this objective” (Cerny, 2010: 159).

In short, in the competition state, faith in competition has become institutionalised and, in this way, has very real and far-reaching material effects. Apparently, it is not considered a problem that the “general belief in the efficacy of competition exists despite the fact that it is not supported either by any strong theoretical foundation or by a large corpus of hard empirical evidence in its favour” (Nickell, 1996).

Heterodox economists of various persuasions have rightly criticised the concept of perfect competition. However, it is crucial that it is the effects of actual real-world competition, instead of an obscure theoretical concept and its flaws, that ultimately end up at the centre of attention. Schumpeter (1947), Keynes (1973 [1936]), (post-)Keynesians (e.g., Arestis, 1996; Kalecki, 1971), Marx (1965 [1867]), Marxists (e.g., Aglietta, 1979; Baran & Sweezy, 1966) and many others have, indeed, noted the imperfect nature of competition in actual markets. Nonetheless, acknowledging that real-world capitalist competition, far from being perfect, is dominated by large oligopolies only takes us part of the way. Much heterodox scholarship fails to genuinely break from the view that competition is something that mainly concerns companies, prices and product quality. However, a heterodox perspective cannot afford the luxury of ignoring that competition has heterogeneous effects and that these effects reach beyond markets and, indeed, the social world. To illustrate: although competition is (in some
circumstances) beneficial to consumers and good for the economic system, lower prices and ensuing increases in consumption can, at the same time, have negative environmental consequences. This example illustrates why a perspective on competition that is far more comprehensive, one might say holistic, than the prevailing one is needed. The next sections outline how the ontology of critical realism can provide the skeleton for such a perspective.

**Competition – a critical realist view**

The critical realist position in the philosophy of science was initially outlined by Roy Bhaskar in the 1970s (see Bhaskar, 1975, 1979) and later developed by scholars such as Margaret Archer, Andrew Sayer and, in the field of economics, Tony Lawson and Steve Fleetwood. Both in the present journal and elsewhere the implications of critical realism for the discipline of economics have been debated, and calls have been made for a reorientation of not only economics but also of different aspects of the critical realist position (Fullbrook, 2009; T. Lawson, 2003; Nielsen, 2002; Syll, 2010). This paper is not the place to recapitulate these advances and debates; the following instead relates competition to selected aspects of the critical realist ontology as it was initially presented.

At the most general level, critical realists make a distinction between the intransitive dimension, consisting of the reality that exists independently of our knowledge of it, and the transitive dimension, consisting of our knowledge at a given time (Bhaskar, 1975: 21-24; 1979: 11-17). Competition is thus an intransitive phenomenon, whereas our theories, beliefs and knowledge of or about it are transitive objects. As is the case with other intransitive phenomena, the nature and effects of competition are ambiguous and perhaps different from what they seem to be for most people. Appearances can be deceiving, as Marx noted. For critical realists, it is therefore a central task of the social sciences to get behind the manifest discourses and phenomena on the surface of reality and expose the structures and interests that sustain those discourses and phenomena.

Bhaskar famously distinguishes among three levels of reality: an empirical level consisting of our experiences; an actual level consisting of events and phenomena; and a real (or deep) level consisting of a multitude of mechanisms and structures that sustain and generate actual events and phenomena regardless of whether these are empirically observed/observable or not (e.g., Bhaskar, 1975: 56). The three levels are, in this sense, out of sync with one another: real structures do not always act as mechanisms that cause actual events, and if they do, these events are not necessarily empirically perceived. Bhaskar (in Buch-Hansen, 2005: 57) defines “mechanisms” as follows:

“A mechanism is just something that makes something else happen – you could say that water boils because of its molecular structure. You could say, analytically, that this level of the non-actual real is deeper, it describes the level behind; this can sometimes be inside, it can sometimes be smaller as in the case of molecules, but it can also be wider.”

To the extent that they “make something else happen”, social structures are one example of such wider mechanisms. Critical realists operate with a relational understanding according to which social structures are “relations of various kinds: between people and each other, their products, their activities, nature and themselves” (Bhaskar, 1989: 81). In line with Marx, Bhaskar’s *Transformational Model of Social Activity* (TMSA) and Margaret Archer’s
Morphogenetic Approach underscore that social structures are always the outcome of human activities undertaken in the past, not in the present. Therefore, at any given point in time, agents are confronted by pre-existing structures that they then contribute to either reproduce or transform through their activities. Structures are both facilitating, in that they are the necessary conditions for the social activities of agents (Bhaskar 1979: 35), and constraining, in that although they never determine the actions of agents, they exert “an objective influence which conditions action patterns and supplies agents with strategic directional guidance” (Archer, 1995: 196, emphasis removed).

Similarly to other structures, social structures are generally not directly visible. Hence, “[s]ociety, as an object of inquiry, is necessarily ‘theoretical’, in the sense that, like a magnetic field, it is necessarily unperceivable. As such it cannot be empirically identified independently of its effects; so that it cannot be known, only shown, to exist” (Bhaskar, 1979: 57). This observation also applies to competition: it is not directly observable and can only be identified through its effects. In other words, we are dealing here with a social relation (i.e. structure) at the level of the real – a relation that is a causal mechanism to the extent that it has “actual” effects. The distinguishing characteristic of this social relation is that it creates rivalry by pushing businesses into a survival-of-the-fittest race. Those who are not sufficiently competitive are in danger of being reduced to insignificance or altogether eradicated. Although competition itself is not an action or activity (it is not something agents do), it only exists because companies, acting on the basis of specific strategies, compete on various parameters, including price and product quality. In other words, the activity of competing should be distinguished from the social relation of competition.

This observation clearly relates to the concepts of agency and structure. To link the two, Bhaskar introduces the concept of position-practice systems. The idea is that agents occupy particular structural positions (such as a job or the role as a family man) that are associated with particular resources, constraints, predicaments and powers and that motivate their “occupiers” to engage in particular practices (Bhaskar, 1979: 51; Porpora, 1989: 200). Accordingly, one can think of capitalist competition in terms of pre-existing social relations that, perhaps, exist between and impact enterprises occupying positions in a market system – relations that are subsequently, intentionally or unintentionally, reproduced or transformed as enterprises compete. Due to this social relation markets are not static: new markets and companies appear; to-the-death competition tends to reduce the number of structural positions in existing markets; and, over time, different companies occupy the market leader position. In the long run, both market structures and market agents change. Moreover, as will be discussed further in the next section, although capitalist competition can be defined as a social relation existing between enterprises, competition immediately impacts individuals occupying positions within these and other forms of position-practice systems.

Competition is an inherent feature of capitalism, but like other mechanisms, it never works in closed systems where event A always causes event B. Competition is unperceivable, but that does not render it a Smithian invisible hand that automatically pushes markets towards their equilibrium. Rather, competition functions in open systems where it is related to a large number of other structures and mechanisms. Thus, even though capitalist competition has clear, distinct features, its precise nature and effects can vary from one place to another and over time (on open as opposed to closed systems and the economy, see Lawson, 1997).

Marx gave much attention to capitalist competition which he saw as an expression of the inner nature of capital. In particular, he highlighted that competition causes capital to
concentrate and centralise, which ultimately threatens to undermine competition – and thus capitalism – itself. Competition, he wrote, “always ends in the ruin of many small capitalists, whose capitals partly pass into the hands of their conquerors, partly vanish” and results in the “…concentration of capitals already formed, destruction of their independence, expropriation of capitalist by capitalist, transformation of many small into few large capitals” (Marx, 1965 [1867]: 626, 625). Marx envisaged that, ultimately, all capital would be “united in the hands of either a single capitalist or a single capitalist company” (ibid.: 627). With the benefit of hindsight, it can be concluded that capital has not been concentrated to the extent predicted by Marx, and that such a concentration is unlikely to occur in the future because a host of other mechanisms are at work in the capitalist system. For instance, various forms of legislation (including competition laws) or economic crises might slow down, block or even temporarily dissolve the process of concentration. The existence of such countervailing mechanisms means that there will be periods where no or little concentration of capital takes place. The rhythm of concentration is, in other words, far from constant (see also Poulantzas, 1975: 145).

In a given geo-historical context, a number of mechanisms affect the intensity of capitalist competition. In addition to those already mentioned, these mechanisms may include the wider regulatory climate, prevailing forms of corporate culture, the extension of collusive arrangements, the level of aggregate demand, profit rates, the degree of globalisation, the nature of financial markets and the availability of natural resources. Conversely, the intensity of capitalist competition can impact economic growth, the expansion of capitalism, commodification, distribution and (in)equality, profit rates, environmental degradation, the speed of innovation, wages, working conditions, prices, economic concentration/M&As and the formation of cartels (Marx, 1965 [1867]; Wigger, 2012; McDonough et al., 2010; Eekhoff & Moch, 2004; Lillie & Lucio, 2012; Palermo, 2007; Wigger & Buch-Hansen, 2013).

These various causes and effects of the intensity of competition should not be understood in terms of clearly delineated dependent and independent variables; rather, the structures and objects of the social world exist and develop in complex dialectical interplays with one another. Sometimes they reinforce each other, and in other cases, they cancel each other out. For instance, competition in a given product market will tend to result in lower prices. However, this effect can be eliminated or reduced if, for instance, the price of oil (or other factors of production) increases or if the producers in the given market form a cartel (for a discussion of cartels and competition, see Buch-Hansen, 2012). The same mechanism can also contribute to producing different results. Capitalist competition, for example, can cause a company to downsize, become more innovative, lower its prices or go out of business. Additionally, if competition becomes very fierce, it can push the profitability of the company down to a level where it cannot afford to invest in R&D. Whereas the type of competition that prompts companies to innovate can lead to economic growth at the macro level, competition that prompts companies to reduce wages and cut R&D spending can contribute to bring about a macroeconomic decline. Indeed, as Stanford (2008: 137) observes, real-world competition

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4 To say that competition creates a tendency towards concentration in the capitalist system is not to advance a teleological or deterministic argument that contradicts the critical realist agency-structure model. As Collier (2004: 144) notes, “the concentration of capital can happen only if people perform acts of working, investing, undercutting competitors in the market, buying up other firms, and so on. The point is that we can predict, with some degree of certainty, that people will do this. But no one is saying that the predicted outcome will occur whatever people do.”

5 Several studies in the Social Structures of Accumulation literature, focusing on the evolution of capitalism in the United States, note that competition was generally muted during periods of prosperity, whereas fierce competition contributed to economic crisis and/or stagnation (e.g., Lippit, 2005; McDonough, Reich, & Kotz, 2010).
is often highly contradictory in nature inasmuch as some of its downsides are exactly opposite to its upsides. For this reason alone, it is unwarranted to simply take for granted that more competition in a market or a society is always, by definition, desirable.

**Competition in the social cube**

This section utilises Bhaskar’s concept of four planes or dimensions of social being, which he also refers to as “the social cube”, to further develop the perspective on competition that was outlined in the previous section. The social cube can be seen as an extension or enrichment of the TMSA inasmuch as it adds transactions with nature and subjectivity to the basic agency-structure scheme. The four dimensions are as follows: (a) social relations/structures and institutions; (b) social interactions between agents; (c) the subjectivity of agents; and (d) material transactions with nature (Bhaskar & Danermark, 2006; Bhaskar, 1994). The elements of each dimension should be “conceived as subject to multiple and conflicting determinations and mediations and as displaying to a greater or lesser extent (more or less contradictory) inter-relationality and totality” (Bhaskar, 1993: 160). Although “the impact of differing planes of activity on social outcomes may vary across time and space” (Wight, 2006: 175), all social phenomena are situated in all four dimensions. Undoubtedly, this consideration does not mean that all dimensions need to be referred to in every analysis of, for instance, capitalist competition. As Bhaskar and Danermark (2006: 289) note, it is the questions guiding the research that determine which dimensions are relevant to highlight. The merit of the social cube is that it offers a comprehensive ontology of social being, an ontology that is neither reductionist nor anthropocentric. Indeed, it emphasises that “human life in general is regulated and transformed by a constantly evolving complexity of various mechanisms emerging from physical, mental, material, human and social levels of reality” (Piiparinen, 2006: 429). In what follows, capitalist competition is situated in relation to each of the four dimensions.

(a) In the previous section, it was established that capitalist competition is a social relation, and, indeed, a mechanism without which capitalist economies cannot function. As such, competition is, in the first instance, a phenomenon of the first dimension of Bhaskar’s social cube. This relational view breaks with mainstream economics, which views competition in terms of either the number of market participants or the interactions between atomistic entities. It has already been mentioned that this social relation is affected by, and in turn affects, a web of other structures and mechanisms. Similar to other social relations, competition should thus always be studied in its geo-historical context. As a social relation existing between companies in a market, competition affects companies. However, the intensity of competition in the market will often greatly impact the positions (and thus the individuals) within various companies. That is, competition between companies will generally impact the number of jobs, working conditions, length of the work day and wages (see also Marx, 1965 [1867]: 626). In the current era of the neoliberal competition state and global capitalism, competition between companies translates into competition between employees to an extent never seen before. With the decline of labour unions, and as a result of globalised competition, “workers were pushed to identify with their own employer, while undermining each other in the desperation to hang on to their jobs. Competition consequently fragmented

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It should be noted that Bhaskar’s explanation of precisely what each of the four dimensions of the social cube entails is not very detailed, and his labelling of the dimensions also differs somewhat from text to text. This variation leaves room for interpretations that differ from the interpretation underpinning the use of the social cube in the present paper.
the working class” (Albo et al., 2010: 79; see also Lillie & Lucio, 2012). However, it is generally not only employees who pay the price of competition. Studies show that from the 1980s onward, intensified competition has made it increasingly difficult for companies to sustain longer periods of competitive advantage (e.g., Wiggins & Ruefli, 2005) and that profit rates, in the nonfinancial part of the economy (at least in the US), have generally been relatively low during this period (Duménil & Lévy, 2011). The point is not to suggest that economic competition only has downsides, let alone that it would be desirable to have an economic system or society with no competition (cf. Wigger & Buch-Hansen, 2013). Competition can and sometimes does have the positive effects enumerated by mainstream economists, yet it has numerous negative effects as well.

(b) Although capitalist competition is a social relation, its existence is due to the practices and social interactions of competing agents (individuals and companies). Through such agency, competition is either reproduced or transformed. As social reality is populated by a high number of human beings who act in sometimes uncoordinated ways upon structures and phenomena that are related to a wider set of largely unacknowledged structures, unintended structural consequences often follow from intentional practices (Bhaskar, 1979: 42-44). Indeed, many of the social interactions that impact the nature of competition are not intended to do so. Workers in India accept wages that are lower than those of workers in the West, not with a view toward intensifying global competition, but because they need to make a living and provide support for their families under specific socio-economic circumstances. Likewise, consumers in the US do not purchase inexpensive Chinese products with the aim of intensifying the competition facing US corporations (in which many of those consumers are themselves employees) but rather because they wish to save money. Companies do not take over competitors to increase competition in the market in which they operate (quite the contrary), but this can sometimes be the end result if the acquisition is perceived as a threat by other competitors. This is not to say that the nature of competition cannot be affected in ways intended by agents. Collusive arrangements between companies and competition regulation by authorities are prime examples of practices that sometimes succeed in doing precisely this.

(c) The third dimension of social being is the subjectivity of agents. Human beings have different personalities, beliefs and inclinations. For this reason, it matters which agent occupies a structural position. It makes a difference whether, for instance, Gordon Brown or David Cameron is Prime Minister of Britain (even if the difference is perhaps smaller than many voters would wish for), just as it makes a difference who the CEO of a given company is. Subjectivity is also important in relation to competition. For example, a company can only be competitive if the structural positions within it are occupied by motivated individuals who have specific skills and personalities. Capitalist competition generally exists between companies, but competition also takes place between those occupying positions within companies. That is, employees generally compete with an eye toward advancing in the corporate hierarchy, and subjectivities matter greatly in this context.

Langevoort (2002: 970) notes that “ethical plasticity” is one important characteristic of successful employees: “success in highly competitive business organizations is skewed in the direction of rewarding those who are highly focused at the business of competing, which of necessity means the cognitive ability to block out concerns – like difficult ethical problems – that are likely to be distracting”. According to business anthropologist Michael Maccoby, there is a particularly high concentration of hard-core narcissists at the executive level, and this, in turn, further intensifies competition: “Organizations led by narcissists are generally
characterized by intense internal competition. Their passion to win is marked by both the promise of glory and the primitive danger of extinction" (Maccoby, 2004: 7). On a more positive note, competition can be motivating, giving individuals an incentive to do their best. Philosopher Jonathan Wolff (1998) points out that sometimes competitive markets have the effect of rewarding positive character traits such as "perseverance, tenacity, enterprise and effort" but he adds that "a talent for flattery, duplicity, manipulation, deceit about one’s own preferences and many other similar skills also find their reward in the market".

Personalities are neither static nor unaffected by social relations. Being subjected to the win-or-lose logic of competition, while in turn contributing to the subjection of others to it, is likely to affect psychologies and inclinations over time. Kohn (1992: 78) cites studies showing that the effects of economic competition on subjectivities "include a loss of community and sociability, a heightening of selfishness, and such other consequences as anxiety, hostility, obsessional thinking, and the suppression of individuality". Other studies find that, under specific circumstances, competition leads to cheating and unethical behaviour (Schwieren & Weichselbaumer, 2010; Shleifer, 2004). Importantly, other mechanisms are at play that may shift subjectivities in different directions and as such it would be altogether unwarranted to suggest that personalities are shaped by competition alone. Competition impacts, but does not determine, subjectivities. Importantly, not only individuals occupying positions in the corporate world are affected: in the competition state, most public organisations – including universities, hospitals and bureaucracies – have become exposed to ever fiercer competition, as have the individuals occupying positions within them (Buch-Hansen & Wigger, 2011).

In addition to directly affecting subjectivities, competition also does so indirectly. The neoliberal competition state is coupled with a consumer capitalist economy. This economy depends on both the innovation of an endless stream of gadgets and the creation of demand for them. Competition contributes to both: it (sometimes) prompts companies to invest in R&D and in various forms of marketing. The latter, in turn, reinforces a consumer culture (in the first dimension) with ensuing consumer norms and mentalities (in the third dimension). One aspect of this mentality is that individuals consider their material possessions to be a part of themselves – a sort of “extended self” (Belk, 1988). With this consumption norm, which has increasingly spread from the West to other parts of the globe (Koch, 2012), the possession of the latest fashion items and consumer appliances becomes a sign of social status (see also Veblen, 2007 [1899]; Bauman, 2007). This culture and mentality creates the phenomenon of status competition premised on consumption (for a discussion of this form of competition, see Bourdieu, 1981).

(d) The fourth and final dimension of the social cube is material transactions with nature. The economic system is related to nature in two main ways: it relies on natural resources, and it uses nature as a waste-absorbing sink. Ecological economists such as Herman E. Daly (1991) have for a long time pointed out that the economic system is becoming too large relative to the biosphere, emphasising that natural resources are limited and that there are also limits to how much pollution and "global warming" the fragile ecosystems of the Earth can sustain (see also Trainer, 2011; Dietz & O’Neill, 2013). Yet, similar to other political economists, ecological economists have not given much attention to the environmental effects of competition (which is not, of course, to suggest that they ignore competition as such, see e.g., Daly, 1991; Cato, 2006). It has already been noted that the availability of natural resources impacts competition; thus, the focus here will be on the impacts of competition on the natural environment. Unsurprisingly, mainstream economists see this impact only in positive terms. In this view, competition is, indeed, an important part of the
solution to the environmental crisis facing humanity as it will lead to the innovation of new green technologies and cleaner forms of energy that can gradually replace more wasteful ones (Koch 2012: 185). With a bit of luck, competition will hereby contribute to solve not only the environmental crisis but also the economic crisis. Unfortunately, there are good reasons to be sceptical of this view: there are numerous examples of allegedly green innovations that have turned out to be harmful to the environment (see Magdoff & Foster, 2011), and even in those cases where competition prompts companies to innovate technologies that are less environmentally destructive than existing ones, the problem still remains that the economic system needs to grow – economic growth that competition, in some cases, contributes to bring about.

To the abovementioned issues, one can add a number of other environmental downsides to competition. First, competition spurs morally hazardous behaviour because lower environmental standards mean lower production costs and more competitive prices (Daly, 1996: 147). Second, by pushing down prices, competition facilitates increased consumption that has detrimental environmental effects. For example, fierce competition in the airline industry has forced down the price of flight tickets in the EU to the immediate benefit of consumers. However, the ensuing increases in airline traffic have had massive environmental downsides (for a discussion on aviation emissions, see, e.g., C. Lawson, 2012). Third, competition prompts companies to spend money on wasteful product differentiation, such as excess packaging aimed to make products look bigger or sexier, and to design products to wear out prematurely (Stanford, 2008: 137). Finally, and related to the third downside, competition leads to a process of what Schumpeter (2003: 81-86) called creative destruction, a phenomenon that is particularly intense in contemporary consumer capitalism. Companies are propelled to produce and sell more and more, and this creates a high level of throughput that depletes resources and increases pollution and greenhouse gas emissions. As one scholar notes, “[t]he cycles of creative destruction become ever more frequent. Product lifetimes plummet as durability is designed out of consumer goods and obsolescence is designed in” (T. Jackson, 2009: 97).

In conclusion

Over the past few decades, a one-dimensional view of competition has become hegemonic. The bulk of economists and policy-makers agree that competition is a blessing, whereas the downsides of competition generally fall under the radar. To be sure, it cannot be denied that competition can be a good thing in capitalist markets if the latter are seen in isolation. However, such markets and competition are not isolated phenomena: they are embedded in – and can only exist because of – wider contexts. Consequently, real-world competition does not have an impact in only one or two domains, as many economists seem to assume. To be able to grasp the nature and effects of capitalist competition – and to be able to reach an informed (normative) position on the extent to which this phenomenon is desirable – a holistic or multi-dimensional perspective is needed. This contribution argues that the inclusive and non-reductionist ontology of critical realism can provide the skeleton of such a perspective. The perspective outlined here suggests not only that capitalist competition is a social relation that (generally) exists between companies but also that it has effects that extend beyond companies and the markets in which they operate. Indeed, it is fruitful to situate competition in all of the four intersecting dimensions of the social cube inasmuch as competition impacts other social structures, social practices, the subjectivity of agents and the environment. And in turn, other social structures and mechanisms intensify or mute competition, it is reproduced or
transformed through social interactions and practices, it is affected by the mentalities of agents, and premised on transactions with nature.

For critical realists, an essential task of the social sciences consists of illuminating social relations/structures, the nature and effects of which agents in the social world may not always be fully aware. In this view, social scientific practice involves a “movement from the manifest phenomena of social life, as conceptualized in the experience of the social agents concerned, to the essential relations that necessitate them” (Bhaskar, 1979: 32). In this way, a social scientific perspective has a transformative and, indeed, emancipatory potential that is, however, “contingent upon, and entirely a consequence of, its contextual explanatory power” (ibid.). Such aspirations resonate with the current paper, which has sketched out the features of a new perspective on what real-world competition is and does that is broader and more nuanced, and thus has greater explanatory potential, compared with the currently popular theories of competition. In this paper, a number of examples of how competition interacts with other mechanisms included in the four dimensions of the social cube have been provided. These examples draw on scholarly findings from different disciplines, indicating that further elaboration and refinement of such a perspective may require interdisciplinary research on competition. Such research could, for instance, involve collaboration between scholars of economic psychology, philosophy, critical business studies, business anthropology, ecological economics and other types of heterodox (political) economics.

References


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