Why We Need and Love the Rat Race

Landes, Xavier

Published in:
Central European Journal of Public Policy

Publication date:
2012

Document version
Early version, also known as pre-print

Citation for published version (APA):
A common stance nowadays is to denounce the flow of modern society in general, and competition in particular. Part of the critique has to do with the recent spring in happiness research. According to various authors, competition would undermine individuals’ well-being through overwork, extreme individualistic behavior, quest for status, and so forth (Botton, 2004; Frank, 1999; Layard, 2005). The thesis derives some factual support from studies in happiness research that have been substantiating the view that, over the last four decades, constant economic growth has not translated into any significant increase of life satisfaction (Easterlin 1974). As it seems, despite all our material affluence, we cannot help ‘stumbling on happiness’ (Gilbert 2006).

Part of this critique is inspired by the “treadmill tradition”. In short, competition would foster zero-sum games under the form of rat races where everyone is always trying to get more (money, prestige, status, recognition, etc.) for, in fact, staying at the same place. We would be competing more and more, spending more and more for conspicuous consumption without any noticeable effect on our long-term well-being.1 Quite the contrary, this treadmill would undermine individuals’ material conditions, self-esteem, quality of life, psychological balance, and so forth.

To sum up, individuals would be stuck on a treadmill (a status treadmill, a hedonistic treadmill, etc.) and its impact would be worsened by the competitive nature of capitalist/market societies. The treadmill tradition is obviously a rejoinder to a more ambitious and older critique of capitalist societies and their underlying market systems. This critique states that something must be wrong about competition, about the distribution of the social product according to one’s performance on markets, and so forth.

THE EVOLUTIONARY NECESSITY OF COMPETITION

This broader critique often leads to rejecting en bloc everything about industrialized societies, the worst as well as the best. In that respect, it is the merit of Rush: Why We Need and Love Rat Race to engage what the author of the book, Todd G. Buchholz, calls the ‘edenist’ view, another way of qualifying the treadmill critique which advocates for a society where competition would be out of the picture. On the contrary, he defends competition for its positive effects on the society and individuals. As he sums up the case:

‘It is the race itself—sloppy, risky, and tense—that can bring us happiness. It is the very pursuit of love, new knowledge, wealth, and status that literally delivers the rush, lights up our brains, releases dopamine, and ignites our passion. Furthermore, I’m going to argue that the cause and effect between competition and happiness is hardwired into everyone of us. Some of the results will surprise you. Competition makes people more fair, and it also makes them taller’ (Buchholz, 2011, pp. 7–8).

In short, competition has allowed humanity to move away from the reign of necessity, to develop culturally and materially, and to enjoy better living conditions. Thus, the book is grounded in an evolutionary argument in favor of competition: competition renders evolution possible and beneficial for individuals. Buchholz declines his argument into four claims.

1 Any sustainable system (understood broadly to include the individual itself as well as groups) implies competition,

---

1 This is the starting point of the Economics of Happiness movement initiated by the work of Richard Easterlin forty years ago.
(2) Eden (a world without competition) is not an option, even if it once existed, because we would not fit in it anymore,
(3) Entrepreneurs have not instilled the need to acquire stuff inside people’s brains. If they compete, it is not by pure materialism but for self-esteem and the perpetuation of genes,
(4) Without competition, ‘most of you reading this book now will be dead’ (Buchholz, 2011, p. 22).

Interestingly enough, Rush steps into intense debates about the justifications of competition, more particularly capitalist competition, i.e. competition on markets. In an indirect manner, it also discusses the role of (public) institutions in economy and the proper scope and means of regulation. The issue at stake is normative and concerns the proper scope of public policy.

When considering the four-step argument from this normative perspective, (4) can be immediately discarded because it is not so much an argument in favor of competition than an affirmation that calls for additional justifications. In the same vein, (2) is an empirical claim that needs to be proved. In sciences, a difference is made between the context of discovery and the context of validity. This is not because a specific phenomenon appears under certain circumstances that it cannot appear or be reproduced under different circumstances. The fact that Eden emerged with a certain type of human agency (if it existed one day) or a certain profile of human behavior does not imply that it would be incompatible with some other forms of agency or behavior profiles. Then, both (1) and (3) remain. Both attribute moral value to competition. Argument (1) does so by turning competition into a systemic necessity, while (3) turns it into an individual necessity. In other words, competition will be necessary for societies and human beings to survive or, at least, to flourish.

COMPETITION AND SOCIAL BENEFITS

However, despite the vibrant take of Rush’s arguments, there are several reasons to resist them, not that much the more general argument about the value of competition from an evolutionary point of view but rather the way the argument in favor of competition is actually coined. In fact the book undermines the case it pretends to make for competition and market societies.

First comes the use of scientific evidence, both for empirical and ethical matters. At various occasions, the evidence mobilized is, at best, too fragmented to strengthen Buchholz’s general argument. Just to take one example, he claims that being retired makes you stupid (Buchholz, 2011, pp. 115–116). It would be the rush of competition that would maintain our cognitive abilities. His references are limited to one single study while numerous recent research studies have shown the negative effect of stress on biological aging and, for instance, the development of Alzheimer’s disease.

If we leave the question of evidence aside, the biological case for competition as framed by Buchholz is based on the failure to recognize the normative salience of the “is-ought” distinction, which is surprising since Buchholz identifies such failure in Darwinians like Thomas Huxley or Herbert Spencer (Buchholz, 2011, p. 93). It may then be claimed that Rush’s argument similarly presumes a continuum between naturalistic assumptions and normative claims. As a proof, Buchholz often moves back and forth between the empirical claim regarding the role played by competition in evolution and its normative justification.

The reason is that Buchholz probably wishes to root his case in the social benefits of competition. Instead of arguing that ‘competition is good, period’, he is committed to convincing the reader that competition is ‘good for X’. This reveals a contrast between two sorts of legitimation for market arrangements. One places great emphasis on the intrinsic value of the market. Arguments coined in terms of individual freedom often rely on the intrinsic value of the market (and in turn competition). Free markets will be a value-based mechanism of human interaction, not so much because they promote individual freedom but because they incarnate individual freedom. It is because there is individual freedom that free markets exist. Then, the ultimate normative worth lies not in free markets in proper, but in the underlying liberty.

Buchholz adopts a different strategy. As free markets allow competition and as competition produces positive outcomes (to get the best of ourselves and to evolve as a species), free markets are justified by their outcomes. In other words, the core of Buchholz’s argument is to affirm that when searching for the best justifications for certain social practices, one should identify the benefits of such practices. The demarche is interesting and Buchholz is right to ask his readers to consider the individual and collective gains from competition. However, his willingness to make a knockdown argument against the claim that competition is detrimental leads him to actually endorse a radical position – justifying almost any kind of socially beneficial activity by competition – which undermines his general objective.

One of the major points of Rush is the claim that competition in general and market competition in particular favor the expansion of cooperative behavior within the society. It would have given humanity the opportunity to move away from local solidarity and to start applying schemes of trust and cooperation more broadly (Buchholz, 2011, pp. 134, 137, 147). Two critical re-
marks stem from this affirmation. Firstly, the affirmation of the competitive origin of cooperation is a strong empirical claim that ought to be substantiated. *Rush* does not provide solid evidence in this direction. Secondly, and more importantly, the claim blurs the difference between *competition* and *cooperation*, which is problematic. Competition and cooperation as notions do not refer to the same sort of human interaction. Two tennis players compete with each other, they do not cooperate. When a couple cooks, they cooperate, they do not compete. Each notion qualifies a specific kind of human interaction.

Furthermore, if some trust has to emerge from competition, in accordance with Buchholz’s view, it arguably does so from *fair* competition. Trust is then the result of respecting the rules of the game (defined outside the competitive process) while playing in good spirit (the famous “fair play” attitude). Our point is that it is difficult to agree that *any* competition, no matter how it takes place, might be socially beneficial in general or good for trust and cooperation in particular.2 In this instance, it is obvious that trust has more to do with the institutional context of competition or agents’ dispositions than with competition *per se*.

The distinction between competition and cooperation is central for understanding and defending a market-based economic system. If market competition may be good, it is because it favors innovation and drives prices down. It is competition that forces Walmart, for instance, to offer low prices, which benefits consumers at the end of the day. Society expects precisely this kind of behavior from market actors, not cooperation. In capitalist societies, there is a term for most of cooperative behavior among competitors, *collusion*, which is usually seen as detrimental to customers. Most countries have enacted antitrust regulation precisely because collusion may threaten the gains from competition. This is also why a prominent defender of economic liberalism like Milton Friedman held the view that corporations were one of the main enemies of markets (and competition). It illustrates that the two notions – cooperation and competition – are distinct on both conceptual and practical grounds. They allude to different ways to organize economic interaction.

**THE INSTITUTIONAL DIMENSION OF COMPETITION**

This assimilation of competition to cooperation has a further consequence. It leads Buchholz to neglect the *institutional conditions for competition*. Positions such as the one defended in *Rush* have to come up with a solid explanation of how competition produces most of its benefits. In other words, a credible account of the “normative conditions for market efficiency” (Schultz, 2001) is required. For markets and competition to produce the social benefits they are supposed to, some institutional conditions are required, such as a clear, complete, and enforced system of property rights. In other words, competitive benefits are *conditional on* a more general system of rules and the existence of institutions that impose this system. Sports provide, again, a good analogy. If hockey competition produces a pleasant spectacle, it is because the players have to follow the formal rules of the game, most notably regarding the degree and forms of violence that are acceptable, and their competitive behavior is also regulated by some informal rules.

Regarding the first sort of rules, it is where the state usually comes into play. Buchholz mentions the importance of this institutional background when talking about a ‘legal construct like enforceable contracts’ (Buchholz, 2011, p. 132). But he fails to notice an immediate implication: free markets and efficient competition need an underlying cooperative structure (distinct from competition itself that abides to different normative principles) that secures the conditions for efficient competition. In countries without rule of law and government stability, the kind of competition Buchholz has in mind is difficult to find. Most of the time, competition in these countries is only about rent-seeking and brute appropriation. Their economic environment looks much more like a Hobbesian state of nature than the kind of utopia cherished by libertarians.

In addition to the provision of such conditions, institutions have also a role to play *ex post*, i.e. in the actual functioning of the markets. Because the state has the capacity to enact regulation and to coerce individuals, it has the advantage over markets to be capable of curbing unhealthy competition, especially by resolving collective action problems that Buchholz never really acknowledges throughout his book. But collective action problems are not incidental. They are even the ground on which an author like Robert Frank engages the kind of libertarian position defended in *Rush* (that competition is good all the time). In simple terms, it is efficient to have institutions regulating some markets or to replace markets by other mechanisms of interaction because individuals get easily trapped into damaging patterns of competition that generate suboptimal outcomes.

In summary, by presenting cooperation as stemming from competition, Buchholz undermines his point by over-stating it (all or most of the good gained from economic development can be attributed to competition). More, it may be argued that actually prior cooperation allows beneficial competition, which turns Buchholz’ scheme upside down.
Without a shadow of a doubt, competition has played an important part in human development. Competition may be good, but not all the time and under any circumstance. Other actors and forms of human interaction have rendered possible human development. Among these actors, the state holds an eminent place. Historically, it has played an essential role in educating workforce, providing insurance (especially social insurance), and setting norms and regulations fostering the rise of markets. The reason for such involvement is that the state is more efficient than markets in providing very important goods and services. It is not only about public goods, but also risk management (Moss, 2002).

The mention of risk here is far from being anodyne for at least two reasons. On the one hand, insurance is not the same mechanism than competition (Heath, 2006b). When people pool their resources to face risks, they do not compete with each other. They enter in a mutual coverage plan. The benefit of insurance (reduced uncertainty in regard to future losses and one’s capacity to cope with them) does not result from competition, but from the Law of Large Numbers. On the other hand, the state has been a key actor in the spread of insurance, and not only social insurance. Its role has often been socially beneficial and it helps to the development of the industry.

An example is the requirement to insure work accidents. It liberated entrepreneurs, taken individually, from their own material responsibility regarding accidents in their factory (Ewald, 1986), thus reducing their risk aversion, by pooling the losses. They became more prone to undertake risky, but productive, activities, which were, ultimately, beneficial for economic development and the overall community. The development of insurance of this kind imposed by the state was efficient. In that respect, it is surprising to observe that Buchholz blames the increased culture of safety, the principle of bailing out people incurring accidents in their factory (Ewald, 1986), thus reducing their risk aversion, on the state. Buchholz attributes this increased culture of safety to competition. This is not the case.

In multiple occasions, the mechanism of bailing out through insurance has been employed to favor trade and industry. The explanation for Buchholz’s criticism may have to do with the fact that insurance mechanisms are not based on competition, which is additional evidence of the reductive scope of Rush’s thesis.

CONCLUSION: THE PROPER SCOPE OF COMPETITION

Rush illustrates that competition, its conditions and limits is a highly normative issue. If the choice were for or against competition, it would be a poor discussion. Moreover, if all the proofs, everywhere and for everything, were in favor of markets, the case would have been settled a long time ago. Now, in a context where markets can fail (and regularly do) and where various forms of cooperative (understood: non-competitive) mechanisms produce social goods more efficiently, the right discussion bears on the usefulness of competition and the proper boundaries to set for maximizing its benefits. These issues are far more interesting, especially from a public policy point of view.

After recognizing what could be expected from competition and in what extent, we have a firmer grip on what we may call the “social function” of competition, i.e. its benefits and the conditions (including limitations) under which it can produce them. This reflection is much more fruitful than the either-or case flaw, for or against competition, that Rush shares with the edenist view. While the latter tends to discard competition even in fields where it may produce a net social benefit, the book dismisses by principle any form of human interaction, including cooperation, that could take place outside of markets and is unrelated to competition.

The limit of the argument is best expressed when Buchholz affirms that ‘[o]ur drive to compete does not force us, therefore, only into zero-sum games against other people. Nor is happiness a zero-sum game. You don’t steal joy from other people, any more than you steal good health. You share your blessings’ (Buchholz, 2011, p. 242). Central for interpreting this passage is the importance to be attributed to the adverb ‘only’. Buchholz is right when he says that competition does not drive us only into collective action problems. It does not mean that competition never drives us into zero-sum games. As a matter of facts, competition often does. His analysis is partial when he tunes down the extent of collective action problems: individuals do steal joy from other people, as suggested by the “relative income hypothesis” (Duesenberry, 1949). Research in experimental psychology and economics offers uncountable illustrations of this phenomenon.

More and as shown by the British epidemiologist Michael Marmot, if individuals do not steal health from each other, they may impair each other’s health through a status effect, i.e. their position in the hierarchy (Marmot, 2004). The sensitivity of Rush to complexity in the domain of knowledge (Buchholz, 2011, p. 159) does not unfortunately translate into a sensitivity to complexity that has to do with context-sensitive and strategic behavior. The latter is of prime importance when one discusses the merits of markets and the role institutions play through public policy. This lack is a major weakness of the book.

In spite of the precedent reservations, Rush still has the merit to engage the essential issue of justifications for markets in capitalist societies. Buchholz rightly identifies the rejection of competition as a whole in recent literature.
(especially on status seeking and happiness) as a naïve stance. Competition and markets may be beneficial, and the book’s strength is in placing the debate under the light of social benefits. However, one may find the argument globally unconvincing due to the partial view offered on the dynamics of competition and due to the lack of concern for the part institutions and public policy can play in the efficiency of the overall economic structure.

REFERENCES