

CHAPTER 27

CONTROLLED COMPETITION

Many of us have an understanding of competition as a useful or a necessary mechanism that encourages competitors to improve their pursuits. We may believe that competition, despite its exclusionary and predatory aspects, can bring out the best of individuals because it can reward those who generate the best results. Yet, even if we believe in such positive powers of competition, we must admit that there can be negative aspects as well. We have to concede that unbridled competition without any parameters and rules may result in destructive overreaching and strife. We may thus prefer controlled competition where competitive struggles are kept within margins that prevent escalation and all-out conflict. We may seek to enable the continuance of a competitive system by preserving the resources from which it or its competitive members draw. To be effective, controlled competition has to set boundaries for competitive activities and the consequences of victory. But a system of controlled competition may achieve stability and be sustainable only if it offers an acceptable alternative to contestants who deem themselves capable of winning to act out their competitive inclinations. It must permit them to leverage strengths that could lead them to victory in open competition. Most of all, to offer a meaningful alternative for competitive participants, the rewards of successful pursuit may have to be sufficiently similar to what would be available in unconstrained competition. That should be possible since competitors seem likely to accept reductions in their award commensurate with a decline of their cost and risk as an outcome of controlled competition. This reduction of proceeds together with a reduction of cost and risk for losers of a competitive contest might draw consent from prospective victims even if these should not be competitors. The resulting latitude may permit the transition of competition to levels and modes that only faintly resemble the harshness of uncontrolled competition.

If competitive powers dominate a society, they might self-regulate or a dominating entity or consortium may impose regulation. But even if cooperative and other noncompetitive powers dominate, they might impose or consent to regulated competition to enable peaceful coexistence with competitors. They might make concessions that tolerate competitive practices in return for their restriction. Dissent regarding such an exchange might be attributable to parties who wish to impose a strict competitive regime or cooperative and other noncompetitive individuals who wish to ban competitive behavior. It may also be due to opposition from parties who consider themselves capable of

doing better in an unregulated environment or who demand more favorable conditions. Yet, once struggles in the establishment of a controlled competitive regime are overcome by insight, manipulation, or coercion, it may achieve relative stability if its rules allow competitors and noncompetitive victims to exist within acceptable parameters.

The regulation of controlled competition may take the form of laws and ethical rules. These may mandate or encourage particular behavior for competitors or posit boundaries beyond which competitive behavior is prohibited or discouraged. Similarly, rules may discourage or prohibit forms of defensive countermeasures, individual independence, and cooperation among victims by specific orders or by setting parameters. Laws and ethical rules may protect the needs of all individuals equally to some degree. They may above all acknowledge and purport to protect fundamental rights. However, by permitting, protecting, and supporting competition, laws and ethical rules necessarily permit, protect, and support incursions into fundamental rights. Such a stance favors the interests of more aggressive members of a society against less aggressive members. Competitive offense and defense may require different means and may carry different advantages and disadvantages. Even where rules provide equal rights, securing such rights might be tied to a competitive assertiveness that may be contrary to the character or abilities of noncompetitive forces. It remains further likely that participants enter the setting of contention regarding these rights with disparate means, starting points, and intentions and that they claim and pursue available protection and support with different modalities that result in disparate levels of effectiveness or efficiency. These imbalances prejudice the opportunities of many participants to pursue their needs to the same extent as others. That is even more so in ranges in which equal rights are defined as an equal opportunity to compete within given parameters. Even if all members of a society decided to compete, competitors who are poorer, have less of a backing, are not as educated, intelligent, informed, skilled, experienced, or less lucky are more likely to lose to competitors who do are not afflicted by these impediments or who are afflicted less by them. These imbalances may be particularly pronounced where competitive interests previously held dominant positions in uncontrolled or less controlled circumstances. Disproportionalities in resources may be difficult to overcome even if competition is subsequently constrained. The disparities among members of a society appear to be self-reinforcing in any competitive context. The guaranty of equal rights and of liberty in a competitive system, even a controlled competitive system, therefore causes the concentration of resources in the hands of competitors who al-

ready possess or can procure overproportional resources. A regulated competitive system institutionalizes inequality and oppression under claims of equal opportunity and freedom. Because these confer an air of legitimacy, competitors may not only use them as defensive distractions but also as essential tools to increase competitive profit.

Competitive rewards may further be promoted because the intent of competitors to preclude or take advantage of others might turn against a system that curtails that activity as another competitive victim. Even if competitors acknowledge the general utility of controlled competition, they may not be able to contain their competitive nature in trying to achieve competitive advantages beyond what is permitted. Any system that tolerates competition to continue then runs the risk that restrictions of competitive interests might be undermined. Competitors may attempt to obtain favorable exceptions under regulations or their application. Competitive powers with elevated resources may be particularly successful in using their privileged status and comparative strength to influence the governance of a society. Hence, the stability of a controlled competitive system seems most threatened by its most powerful constituents. The tendencies of competitive interests to improve their position may threaten the functioning and existence of a controlled competitive system by increasing discord among competitors. But even if competitors can sustain relative unity among themselves, the successful installation or maintenance of a controlled competitive system may make competitors falsely believe that they can intensify competitive measures without threatening that stability. Their competitive nature may compulsorily stimulate them to push competitive practices to the breaking point. An originally cooperatively dominated system that arranged itself with competitive forces to preserve peaceful coexistence might be even more vulnerable to them as they gain power. Noncompetitive forces might be ill-equipped to prevent a competitive takeover in excess of initial agreements. The only remedy for destructive tendencies among competitors in a controlled competitive system seems to be the domination by competitive forces that are strong enough to hold subversive competitive forces in check. Even if such domination does not exist at the inception of a controlled competitive system, its development appears likely as competition among competitors and with ultimate victims engenders the concentration of resources in the hands of certain competitors. These winning participants have an interest to keep the system functioning and to curb its undermining by other competitors. Consequently, controlled competitive systems appear to have an integral mechanism by which winning competitive forces assume power and maintain their stability.

Even a controlled competitive system has to systematically oppress or allow the oppression of victims to effect its promised competitive advantages for competitors. Representatives of victims or the victims themselves at one point might have agreed to controlled competition to stave off a more severe interference by competitors. Yet they will not be able to regard such a system that keeps violating or allows the violation of their fundamental rights to the advantage of others as just. Therefore, noncompetitive forces will try to change such a system in their favor as well even if they should see the efforts by competitive forces to roll back regulation effectively contained. Maintaining stability against the commands of their needs requires that victims concede the threat of conflict within or beyond the system as a sufficient deterrent to their resistance or that coercion must regularly be able to contain or eliminate their resistance. Alternatively, controlled competitive systems may manipulate victims to distract them from their systemic disadvantage or to accept it. This alternative might be preferred because it can drastically reduce and even prevent the risks and costs of control. Even weaker competitive participants may be manipulated by the claim that because the rules of competition apply generally and grant equal freedom to perpetrate competition, the system is fair and free and they stand an equal chance to succeed. This false claim may not only be used to stabilize the system but also as a legitimization to safely erode rights of victims. Victims who are held in the illusion that they might successfully compete might agree to that erosion because they do not wish to restrict their purported competitive chances. They might be kept from realizing that their chances depend on more than a theoretical possibility and that they are and most likely will remain victims. They might even be led to approve that the partial protection and support of competition come at the price of the systematic disadvantage of victims. Victims might further be blinded by the system's protection and support of victims, including its establishment of a safety net if they fail. They may not comprehend that this assistance positions them into a state of dependence and powerlessness that prevents them from competing or defending their rights effectively.

Coercion and manipulation can only address a part of the problems created by a controlled competitive system. The key to maintaining such a system in spite of its essential instability is its potential to achieve relative success in securing resources for all participants. One aspect of that success is the advantage of such a system for both sides in avoiding higher levels of conflict. Even more important are the protection and advancement of productive victims' efficiency and effectiveness to where they can satisfy the requirements of all participants.

These aspects appear to be related. The creation of stability in keeping the peace seems to benefit all participants because they do not have to invest in tools of conflict and do not undergo the unpredictability and losses of conflict. Productive victims as the weaker participants may be viewed to benefit overproportionally from such stability. Their pursuits stand to be more regularly existentially threatened by competition because they may not possess the resources of successful competitors and because their pursuits and stance might not be competitive. They may perceive the curtailment of excesses as an improvement because it moderates the harmful consequences of competition that otherwise might damage their production of means and threaten their existence. It also saves them from risks and costs of evading or defending against competitive strategies. Productive victims may further be influenced by the increased predictability of how much they might be able to keep. This may encourage and allow them to increase and develop their production. Even to the extent controlled competitive systems allow victimization of competitors by parallel or superior competitors, the increased production may foster the allegiance of victimized competitors to the system. It might let them retain sufficient resources separately, or as intermediaries although they must cede parts of their ill-gotten resources to superior competitors. Controlled competitive systems may therefore rightfully claim that they enable security and prosperity of weaker participants. They safeguard victims from competitive excesses and empower them to lead a reliable existence of increased means. The raised production by their ultimate victims enables competitive forces to conduct their business under orderly conditions that limit their cost and risk. They gain the relative security that their transgressions will be endured and not induce the defensive reaction they deserve. In addition, they stand to increase the profitability of their competitive activities. They will be able to extract means of a quality and quantity that they would not have been able to achieve in an unrestricted competitive system. Accordingly, competitors may benefit as much as victims from a controlled competitive system.

Competitors who can arrange themselves in superior positions over other competitors may particularly benefit because they may not have to directly interface with productive victims in competitive activities that may give rise to adversity. Instead, they might take competitive advantage of competitive intermediaries. They may engage with subordinated competitors in a mutually beneficial relationship. Superior competitors may maintain protection and support for competitive endeavors by subordinated competitors. These may be accountable for complementary protection and support in return, including the pay-

ment of tributes and agency. Such a relationship might be viewed as a consensual and mutually beneficial licensing relationship rather than as a setting of competitive abuse. The detachment of ultimate competitive powers may provide them with an air of nonpartisan guardianship over the system that may obscure or decrease the appearance of their competitive function and attitude. Their control of subordinated competitors may be viewed as a service to ultimate productive victims. Their governing function may help them to rebrand their own competitive acts against ultimate victims as necessary in the interest of all participants in the system. Since all sides to a prudently managed controlled competitive system seem to benefit compared to open competition, such a system may gain broad support from all participants.

While the apparent benefits of a controlled competitive system may provide an improvement compared to unrestrained competition, that improvement represents a lesser evil. Such a system still does not change the unproductive and destructive nature of its competitive aspects. Legal and ethical restrictions can only mask and attenuate that nature but they cannot reverse it. This is so even in conditions where controlled competition appears to benefit the interests of all involved. Developing that understanding may be difficult for productive victims because controlled competitive governance commonly coalesces with aspects that protect and support them. Yet the only reason protective and supportive measures are necessary is the practice of competitive participants to take advantage of productive victims that a controlled competitive system is to stabilize and entrench for them. A competitive superstructure has no productive function. It only feeds on the resources that productive ultimate victims achieve by cooperative or individual noncompetitive undertakings. The cognizance by productive victims that they require protection and support may induce the beginnings of an awakening in them. That they seem weaker than other participants in a controlled competitive system even though they produce its resources may intrigue them. It may motivate them to inquire regarding the causes and to build their strength and skills so they will be more evenly matched against competitive forces. Nevertheless, imbalances of power and resources might be difficult to overcome in an environment that is set to keep weaker participants in their place. Attempting to accomplish this exposes productive victims to substantial risk of damage. Productive victims may conclude that the level of production they are permitted to keep and the security of that level under the system are preferable to fighting the system even if it shortchanges them. Controlled competitive systems may then be remarkably viable and stable in spite of their unproductive and oppressive nature.

Even if we acknowledge the possibility that a competitive system might advance to a point where it would lose all redeeming value, we might not concede that competitive motivations can only have unproductive consequences. We may still insist that competitive inclinations can be harnessed to foster an increase in the quality or quantity of means not only relative to an uncontrolled competitive system but that they can also effect such an increase in absolute terms. We may deem that to access that potential, competition has to be encouraged in producers of goods and services. In a contest for the best quality or quantity of products, each participant must strive to maximize present capabilities and to cultivate additional capabilities. A controlled contest that rewards the best result would appear to conduct competition into pathways that generate constructive advantages beyond a reduction of negative fallout. Competitive efforts may be guided to focus on making more means or means with higher effectiveness or efficiency available to others. Controlled competition with the objective of creating such ulterior benefits may establish more than rules for competition. It may further set standards for competitors to meet and exceed. Even if it does not set standards, it may encourage participants to distinguish themselves by generating better results or even the best result. Such efforts are often promoted with the award of a prize for the best result and possibly for other achievements that come close to the top or by a promise to engage in an exchange of a particular kind with the best or other distinguished contestants. This may enable winners to obtain a position that permits them to subsequently reap more rewards from their accomplishment. Although these effects serve winners, we may call this manner of competition collaterally constructive competition because its desired byproduct is that the resulting product might ameliorate the pursuit of the needs by noncompetitors.

We might argue that, with proper management, the winning or top competitors' advantages might be matched or eclipsed by a broader benefit they provide. Even if such a benefit should be modest, there is little doubt that collaterally constructive competition is superior to unrelenting predatory and exclusionary competition. It appears undeniable that competitive concerns can motivate productive contestants to generate better results or the best results of which they are capable. Competition seems to heighten the effectiveness or efficiency of their production depending on the criteria that are set for the contest. Yet the competitive nature of collaterally constructive competition carries disadvantages that counteract its useful attributes. Even if contestants would operate only on the merit of their own or of their affiliated parties' production, disparities in resources would determine which con-

testants win. Arguably, contestants might be able to reach an advantage in spite of missing resources by using their resources more effectively or efficiently. But that ability is again a result of a contestant's resources. Hence, there is an exclusionary aspect in most contests that is based on the relative availability of resources. One might also wonder about the implications of linking economic success to winning a contest. If we are interested in optimized solutions, the exclusion of less adept solutions seems necessary. However, the stakes of winning and losing may motivate competitors to resort to competitive practices beyond the constructive aspects of the contest and its rules to gain advantages over competitors. Such advantages may not be necessarily sought in the contest itself. Rather, they might be prosecuted in the many other areas that reflect on the capacity of a competitor to compete constructively. A collaterally constructive competition is unlikely to be sustainable if contenders can operate outside its rules and settings and use means from a more extended range of competitive strategies. Such strategies may not have to be unlawful. They may include legal competition practices in other areas. Contenders may wield such tools either to prevent or influence collaterally constructive competition or to render its results irrelevant. Established contenders may use such tactics to greater effect than those that attempt to gain presence. Such tactics may shape adversities that together with subject-related or general resource thresholds may pose insurmountable obstacles for others to contend. Some competitors may obtain a decisive advantage through extraneous competitive practices even if their product is inferior, functionally identical, or not significantly more capable.

The regulation and supervision of collaterally constructive competition may not carry far. Even if all exclusionary and predatory activities can be prohibited during such competition and competitors proceed there on the merits of constructive efforts, negative competitive endeavors could still be brought to bear before or external to the contest or after an award. Even if competitors do not apply such negative techniques, the pressure they suffer may provoke them to place severe competitive pressure on their supply chain and contributors as well as third parties that pose obstacles or possess valuable resources. Moreover, the pressure that authorities in charge of the contest, qualifying the contestants, or selecting the winner can bring to bear on producers of goods and services may allow such parties to wield competitive powers for other purposes than the encouragement and popular availability of constructive achievements. Parties that may attempt to partake in the winning solution by offering to participate in its subsequent production or sale may add further competitive interference.

Although the purposes of all these parties may be connected to the constructive objectives, they may attempt to take competitive advantage of these objectives for purposes beyond those to be served by the collaterally constructive competition. This competitive mindset of contestants, governors, adjudicators, and opportunists relating to contests burdens the benefits of collaterally constructive competition. Related competitive effects seem very difficult to control unless all activities leading up, surrounding, and following a collaterally constructive competition are carefully regulated and monitored. But the obligatory level of invasiveness to forestall negative competitive activities would threaten to severely hamper and possibly paralyze economic activity. Given the countless ways in which competitors may bring their competitive tools to bear, restricting competition to constructive features also seems impossible. Collaterally constructive competition therefore appears to fail in neutralizing the negative aspects of competition.

Even if such issues could be controlled, collaterally constructive competition suffers from other fundamental defects. A system built on such a competition suffers from the waste of resources invested in efforts that do not win. Each party engages in similar expenditures of resources in parallel efforts. This duplication of efforts does not appear to result in the most effective use of the invested resources. Nor does it appear to be the most efficient use. Because the contest may only reward one winner or a few top contenders, relatively close approximations of rewarded efforts may go unrewarded. Such unrewarded exertions are exploited as uncompensated contributions to incentivize efforts in other contenders. Additionally, their productive capacity may remain idle in consequence of the award to other producers. The imbalance among participants is further aggravated because collaterally constructive competition is likely to reward winners overproportionally regardless of how small the advantage of their product over the results of competitors might be. Its inherent mechanics are set to turn a slight advantage over competitors into a decisive victory. Even where the increment of ulterior benefit is sufficiently significant to warrant an exclusive award to the winner, a system of collaterally constructive competition will necessarily lose in its effectiveness, destabilize itself, and threaten its own existence. Because the winner obtains the spoils while the losers go empty, collaterally constructive competition tends to reduce collaterally constructive competition in successive contests. Strengthened by the rewards of winning a previous contest, a winner will be able to invest additional resources in subsequent contests. Losers will have to find other sources to sustain themselves and fund subsequent rounds of competition. They may be reeling from their unre-

warded investment of resources in a previous contest. Depending on the resource requirements for competing, the lost investments may be so high that losers may not be able to repeat similar efforts of competition too many times, if at all, let alone at levels that make winning likely. Together with the impairment losers incur, the disproportional strengthening of winners may create severe barriers for other competitors to engage in subsequent rounds of collaterally constructive competition. The combined difference in assets may place them at a disadvantage. It may take several rounds of collaterally constructive competition for losing competitors to be drained of necessary resources to compete. However, even if competitors should retain the capacity, the threat of losing and incurring costs without a reward may discourage them to continue. The inequality of resources in comparison to former winners and the menace of losing may also discourage potential competitors to invest in a competitive position. This reluctance to participate in collaterally constructive competition entrenches winners even more by reducing competition. It also injures the objective of producing ulterior benefits because it excludes a significant portion of participants with productive potential. In addition, diminishing competition will place less pressure on winners to continue their innovative efforts and participate in collaterally constructive competition to distinguish themselves. Former winners may be able to dominate merely by their resources or the absence of competitors. Moreover, the power of contenders that are strengthened by wins may influence or overwhelm organizers of collaterally constructive competition and convert the system in such contenders' favor. Thus, over time, the successes of collaterally constructive competition are bound to generate an environment that reduces the chances of collaterally constructive competition.

Producers without competitive inclinations who object to being required to compete in collaterally constructive competition as well as competitively oriented producers or other competitors who deem collaterally constructive competition to be a constraint on their prowess may attempt to avoid it. They may consider their chances to be better in differently or less regulated circumstances. They may pressure governing authorities to exclude them from rules of collaterally constructive competition or to modify or eliminate these. Alternatively or contemporaneously, they might establish practices that undermine or circumvent their confines. Cooperatively minded producers might coordinate their production and share the benefits among one another and with contributors or customers. Competitively oriented producers and nonproductive competitors might engage in cooperation with one another in pursuing competitive objectives. They might abide by express

or implied rules of conduct, allocate victims or subject areas, or consolidate their efforts. They might partake in contests as a sham while determining winners, enjoying reduced costs and risks of contest, and sharing benefits of winning directly or by taking turns. Short of ending competition among one another, they might cooperate to draw competitive advantages more effectively or efficiently from parties located outside their scheme. Such collusive maneuvers will place rising competitive pressure on parties that were to benefit from collaterally constructive competition. Such propensities are not limited to the context of collaterally constructive competition or to competition among producers of goods and services surrounding it. But collaterally constructive competition is disposed to particularly invite collusion because it favors disproportionate awards and a decrease in the number of competitors and because it provides a more defined setting for manipulation by competitive interests. A society may therefore be better served by abstaining from selecting and rewarding winners in an organized contest and to instead only restrain competitive excesses in general.

Still, a case might be made that collaterally constructive competition is useful or necessary to advance happiness in other aspects. Arguably, formal contests only describe a small part of collaterally constructive competition. We may expand the concept to any kind of informal competition for the favor of third parties. Such a type of competition seems to regularly occur in interactive pursuits where multiple parties contend for an exchange transaction or a position in a joint venture. It appears to represent the best that collaterally constructive competition has to offer. It stands for the concept that contenders will strive for the favor of customers and offer resources of increased effectiveness and efficiency to win it. Winners are deservedly rewarded for their excellence by being selected for a transaction by customers. Customers for whose favor the contest occurs win as well because they receive better resources. Then again, the beneficial character of the ultimate transaction for customers and for the winners whose products are selected may only describe part of the overall effect. The variety of such transactions for goods and services appears to make it less likely that they could engender a concentration of power in certain competitors or foment collusion. But the danger of incurring the negative aspects of formal contests may also apply to informal contests and possibly even more because of their lack of formal regulation.

To liberate informal collaterally constructive competition from its negative aspects, it seems necessary to replace competitive practices with cooperation. That is not only possible in, but it is systemically intrinsic to, a market where desires find their match through the in-

termediary of price. To obtain goods or services in an exchange, both parties must be ready to give each other what their counterpart wants. That appears to insert equity into their relationship and countermand their taking advantage of each other. To accomplish such a result, exchanges would have to be uncoerced and unmanipulated. Such a harmony might seem difficult to achieve because the nature of exchanges might appear to be naturally aligned with competition. The parties to an exchange have opposing interests in that they want to obtain each other's property and pay as little value for each other's product as possible. Yet, upon closer inspection, the interests in an exchange are not naturally opposing. Competitive treatment of exchange partners is not a requisite to securing an adequate benefit from the transaction. The productive advantages of concentrated production allow each party to obtain favorable terms in an exchange. Both parties need each other's products to fulfill their respective needs or to fulfill them more effectively or efficiently. Given the continual character of their needs, it is in their interest that counterparts maintain their commercial capacities and continue to trade with them under favorable conditions. Even if parties successfully impose competitive strategies that permit counterparts to continue their trade, competitive power may fluctuate and turn. To secure their pursuits at other times or at least to secure them under favorable terms, parties might have to rely on the self-restraint of other parties not to employ competitive strategies then. Long-term stability in parties' existence may only be feasible through a practice of equitable exchanges that attribute adequate benefits to both sides.

We may try to avoid the equalization mechanisms of recurring exchanges by engaging or by threatening to engage in exchanges with other parties. But similar principles apply there as well. Although we might not rely on the same exchange partners in subsequent transactions, we may be interested in a general environment in which we can find suitable exchange partners. Competitive strategies could dissuade others to engage in an occupation that can supply us, to deal with us, or to deal with us under favorable terms. Particularly if our behavior is bundled with similar behavior by others, potential counterparties that might supply a product may cooperate to prevent us from taking advantage of them and placing them under pressure that would prompt them to compete with one another. Such associations may cause us to organize with parties that have similar requirements to form a counterweight. This tends to create associations of interests that are locked in competitive struggle. The terms under which goods and services are exchanged across their boundaries would be decided by their relative oppressive strength, not by the relative value of goods and services.

All these considerations of mutuality apply to the exchange of individually and jointly produced goods and services as well as to interactions among participants in a joint production enterprise. In a joint production enterprise, the counterproductive effects of pushing transactional counterparties to or beyond the edge of what is acceptable to them become more immediately appreciable because of a purported commonality of purpose. Competitors join with their victims in an enterprise in which they are expected to cooperate to secure a result from which all can benefit. Joint production enterprises and above all joint ventures are microcosms of joint interests that also exist in the larger context of an economy. Choosing competitive strategies in an environment that is defined by mutuality in separate exchanges or joint productive enterprises and peaceful coexistence subjects such an environment to the systemic risks and costs of competitive strategies. They threaten to suffocate or turn cooperative and individual productive undertakings into competitively oriented ventures as well. To the extent competitive ventures engage in exchanges, values of products might be determined by coercion and manipulation instead of an unbiased market valuation. Such distortions will adversely affect the production and development of goods and services for exchange. If competitors rely on cooperative or individual production to obtain means, they jeopardize their own wellbeing and potentially their existence by excluding and exploiting these sources or damaging them indirectly.

Advantages of cooperative strategies and the detrimental character of competitive strategies are at times confused or do not appear in a clear contrast because productive parties may display a mixture of cooperative and competitive behavior. Further, unproductive competitive interests often avail themselves of cooperative strategies to effect competitive objectives. However, that utilization of cooperative techniques by competitive endeavors does not make competition productive. It only means that because competition is innately unproductive as a general concept and less productive in reaching competitors' objectives, they must use cooperative methods to secure means that enable them to apply competitive strategies. Their objective to maintain control despite the imbalances and resistance potential their activities create may regularly coerce competitors to merge or seek allies in the oppression of victims. Moreover, competitors may display cooperative and productive behavior concurrently to confuse and assuage victims. They may endorse economic cooperation by victims to take advantage of their productive results. They may operate part of their enterprises cooperatively to use the productive advantage of cooperative ventures, to conceal their competitive methods, and to legitimize their profits.

While we must fight the joining of forces among competitors as well as their concealment by, and utilization of, cooperative features, we must advance cooperative involvement that can create or increase value. This seems possible if we reorient competitive behavior by productive forces toward cooperation. The chances of arriving at superior ideas and achieving their implementation often rise if competing producers pool their resources, exchange information, and assist one another. The work of such joint ventures could be spread over a greater number of approaches or could be more effectively and efficiently organized by dividing or by bundling production, thus making room for additional coordinated efforts. Such approaches permit the allocation of resources for their best effect without the multiplication of efforts. Joint ventures might be separately arranged to more effectively and efficiently concentrate on the production of particular types or stages of goods and services for a greater undertaking. Their contributions and those better left to individual production can be linked by exchanges that permit separate ventures to maximize their pursuits. The broad-based combining of efforts, talents, and other resources does not only improve our ability to address proximate issues but also to advance future production capacities. It can liberate resources to focus on the research of capacities that can yield higher quantities and qualities of goods and services. To identify feasible, better, or the best solutions to problems, it may be necessary to try multiple avenues with the understanding that some may prove to be impossible or inferior to others. A joint research venture has the ability to conduct research with a less direct and timely connection to resulting products. While competitors may engage in research as well, their efforts may be more limited due to their comparatively constrained resources and their higher pressure to recoup research expenses. Hence, even in a collaterally constructive competitive system, many useful efforts might go unfunded.

Competition, even collaterally constructive competition, cannot match the effectiveness and efficiency potential of integrated resources because it isolates and it duplicates efforts. Competitors can benefit from cooperative efforts within their organization as well. Only, their sequestered capabilities and restricted capacities to carry cost and risk are bound to experience boundaries that their combined coordinated efforts could surpass. A cooperative system could be rather easily built from competing enterprises because their internal cooperation already forms essentially the cause for the results achieved in collaterally constructive competition. The more extensive cooperation of producers of similar products in an integrated system can assemble from that foundation although it requires the cessation of competitive attitudes.

Comprehensive cooperation also poses certain dangers. The increased integration of producers increases the threat of human or mechanical automation. This threat weighs against the advantages of integrated production. In addition, the pooling of resources and sharing of results seems to generate the same effect in the marketplace as the collusion of competitors. It confronts exchange partners with a cohesive block of pooled enterprises whose increased power could be competitively abused or have similar effects. Such threats must additionally be weighed against the advantages of pooled production of particular means or types of means. Combinations must be limited to beneficial results, and additional protections against competitive restrictions of participants and market domination have to be installed.

Competitive consequences from the combination of productive forces can be reduced if producers can be made to join for productive reasons and if they retain a sufficient productive independence to stay separate in their offerings. A merger of productive efforts would only yield productive advantages in areas where producers would engage in redundant efforts. Producers might hence join their forces to research and develop new central technologies on which they can all rely. They might also combine facilities that could be used more effectively or efficiently by multiple participants. To preserve the beneficial character of such a cooperation and to foreclose unintended competitive effects, joining and remaining would have to be discretionary to parties. Effectiveness and efficiency advantages in matters that rivals would otherwise have to cover separately would represent strong incentives to use such collaboration. The advantages of merged efforts may bestow stability on the pertinent segment of an economy because they allow the participation of producers who might otherwise lack the resources to survive. Merged efforts may forestall the concentration of resources by lowering the risks and costs for participants and increasing the benefits. These effects of merging redundant efforts enable participants to prosecute objectives beyond redundancy independently. Their shared involvement with common efforts leaves them with more resources to concentrate on particular applications or on their independent development and production of unconnected products at a comparatively low overall cost. In view of the diverse products that customers desire and prices they are willing to pay due to their personal and situational particularities, it is to be expected that many meaningful expanses of development and production cannot be suitably joined. Accordingly, a combination of redundant production would leave or might even generate satisfactory potential to particularize and distinguish products at acceptable prices and would thus avoid unintended collusive effects.

There seem to be then good reasons of higher effectiveness and efficiency that should motivate producers to participate in the pooling of resources instead of competing against one another. Still, it might be argued that such motivations cannot match the intensity that the fear of losing, fueled by the possibility of losing, and the desire to secure the rewards of winning, motivated by a potential of winning, can create. The contrast of such extremes might appear to be necessary to make participants set forth best efforts. Cooperative modes of pursuit might invite participants to relent and rely overproportionally on the efforts of others to carry them. Although these might be serious risks, cooperative undertakings can be structured to encourage productive participation under use of best efforts and to discourage the evasion of responsibility. They can achieve this by rewarding efforts according to the value of their contribution. That value may not only be defined by a direct relation to the value of a product in whose production an individual participated. The comprehensive mutuality of relationships in a cooperative system also entails that contributions will be measured by their overall and long-term effects. This brings about more precise assessments of the results of productive efforts and helps to encourage more or most beneficial results over less beneficial or ultimately damaging results. It further enables compensation of participants for their constructive efforts in exploring uncertain subjects that might impart advancement. Sharing the reward of success as well as the risk of not succeeding in improvement efforts increases the possibility to develop resources that might not be developed under more immediate considerations or might not receive as many resources for development.

A cooperative system can be assured that it will be able to provide satisfactory compensation because its effectiveness and efficiency advantages produce results that are superior to the resources a collaterally constructive competitive system can produce. Its productive potential can be devoted completely to the production of goods and services for its participants without competitive access restrictions. It can award the entirety of production or exchange receipts after the deduction of costs to the productive parties without deductions for competitive impositions or for the funding of defensive preparations and without having to deduct the costs and the damage of competitive conflict. Combined with its coordinated production efforts and its superior research capabilities, these grounds for increased effectiveness and efficiency afford a cooperative system decisive advantages. It can provide more and better resources for compensating constructive efforts than any competitive system. These productivity and compensation advantages cause higher constructive motivation in its participants.

Still, one might maintain that the fear of losing and the lure of overproportional winnings impart a better motivation to produce best efforts because the fear of losing can have existential implications and the rewards of winning can be much higher than compensation in a cooperative system. Yet a cooperative system has motivations that can match and surpass these motivations. It can provide negative motivation by withholding or reducing compensation where it is not earned by a constructive effort. Hence, fear can be a motivation to contribute. On the positive side, compensation according to the societal value of a contribution can be a strong motivation to steadfastly provide the best contribution possible. The combined reliability and level of reward to constructive participants trumps the combination of lacking reliability of compensation and the rare windfalls that are endemic to collaterally constructive and other competition. More than that, a cooperative system distinguishes itself because the mutuality of its affairs can generate a flood of emotional resources and connected mutuality.

A cooperative system excels in momentous part because of the comprehensive revolving mutuality in its production of resources. The integration in the production of all types of resources through cooperation shapes a motivational configuration with superior strength and intensity that collaterally constructive competition cannot match. Although that variety of competition may provide autonomous and even some transferred emotional resources through successful activities, its competitive purposes, undercurrents, and consequences may foreclose or spoil the initial production or the continuing flow of emotional rewards. The emotional resources generated in winning competitors already benefit fewer individuals. But these relatively insignificant gains in the overall picture are further rendered irrelevant because they are opposed by an overwhelming drain of emotional resources from those whom the system excludes from competition categorically, eliminates in contests, or on whom it permits competitive oppression. While the fear of failing and the lure of overproportional winnings can be strong emotional incentives, they also take a heavy toll on the emotional resources of contestants before and during the contest, and even more on losing contestants, as well as their suppliers and dependents. Even the enjoyment of winners may be lessened because their victory is incurred and maintained at the cost of others, because they will have to continue competing, and because they may be particularly targeted in offensive or in defensive competition. The habitual accompaniment of emotional incentives in a collaterally constructive competitive system by countervailing emotions alone may have such a system fall short of the broad, sustained positive motivations of a cooperative system.

Superior effectiveness and efficiency are not only results of intentional coordination in a cooperative system. They further represent essential characteristics of such a system. By its dissemination of benefits across a wider spectrum of individuals, a cooperative system allows these benefits to be put to work in a more effective and efficient manner than in any competitive model. The production of means can be better adjusted to what is needed because it is more dependent on the expenditure of means by productive individuals. This causes an effectiveness and efficiency of resources that a competitive system cannot match because it concentrates resources in the hands of few. Even without competitive intentions, a system that concentrates consideration and determination regarding the best use of resources in a few minds cannot be as competent as a decentralized, cooperative system that is based on the participation by all interested parties. The intent of competitors to retain resources and to only put them to productive use if this benefits them causes additional restrictions in overall effectiveness and efficiency. The decisions of competitors whether or how to advance the fulfillment of their needs may not be the most prudent decisions from a societal standpoint. They may not share many pressing problems in the fulfillment of needs with other members of a society, let alone their victims. Their focus may be largely diverted to the accumulation of wealth and power and on maintaining and intensifying their competitive strategies. The provision of benefits to a broader circle of individuals others would largely only be relevant to the extent it can create or secure competitive benefits for them. Any wider benefit would be subordinated and coincidental to their primary objective.

A competitive system, including one that maintains collaterally constructive competition, is hence not likely to be the best to advance interests of individuals in a society overall. However we might try to fashion a competitive system to become more benign, it cannot overcome its inherent negative nature. We must transform the conviction that securing resources necessitates winning at the cost of others. This concept keeps a system of individuals from maximizing human potential. But we may not care about that. The inability of competitive systems to serve humanity may not prompt us to disavow competition to pursue our happiness. If we believe that we can win and keep winning, we may prefer competitive strategies over cooperation. To understand whether exclusionary and predatory strategies can form a viable path in the pursuit of individual happiness at least for selected individuals or groups, we need to explore their dynamics further. The next chapter inquires whether there are modalities under which a competitive strategy can be more successful than a cooperative mode.