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# NON-ECONOMIC APPROACHES TO COMPETITION: LESSONS FROM PSYCHOANALYSIS

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**Abstract:** *The paper suggests that several competitive behaviors are well explained by psychological mechanism of human mind. And such explanations could be generalized to the behavior of all economic actors, to the firms' strategies and actions on the market. Freud's classical psychoanalysis is the framework to offer potential valid arguments for the role of competition in modern societies, for its significance and importance.*

**Key words:** *competition; cooperation; Freud; rivalry; extreme competition; psychoanalysis*

**JEL Classification:** *A19; B49; D03*

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## Introduction and methodological issues

Competition is a universal characteristic of all modern societies. People compete (even now) for territory, for all sorts of goods and resources, for jobs, social recognition or for power, for a mate, as well as into sports or various kinds of contests. In other words that means for wealth, for security and prestige. The scarcity (especially in economic sense) represents the basic cause, the ultimate motive for such behavior, at least for the material components of the wealth. If it would be enough for each and everybody, why we compete for? These

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seem pretty obvious. But even if there is no limitation in the availability of resources, some competition appears and took place, at least in terms of social life. Recognition, credentials or social position may and will make people to engage themselves into competitive actions, to fight one to each other. Sport, art, politics, education, gaming are by definition examples for competitive areas of human activity. And if competition is permanent, it must have a natural determination.

A relative more difficult problem was to explain the cooperative behavior at a large scale and as a general rule, into a (natural) competitive world. Approaches from Anthropology and Sociobiology have suggested that cooperation and (even) the altruism are major components of human nature, as well as the selfishness is. The advocacies of cooperation argue that the competition often means only unnecessary energy consumption (human and material) and thus reduces the overall potential achievements of humankind. And even worse. At least “too much” competition or an extremely aggressive one could lead more probably to destructions than to progress. Reminding us the idea of Nehru: “The only alternative to coexistence is co-destruction”. In fact competition seems to unleash the “beast” in us, while cooperation brings out the “best” in us. (Korrapati, 2010).

Psychologically speaking, competition has been seen as an inevitable consequence of the psychoanalytic view of human drives and is a natural state of being (Competition, 2015). According to Freud, in us there are a permanent battle between our basic impulses for an immediate (and complete) self-fulfillment (of our instinctual demands) and the limitations and prohibitions imposed by the society. In this respect, the next logical step is to analysis the inner mind of Homo oeconomicus and the intimacy of his decisional process. A Homo oeconomicus which could be perceive in a simplified manner as the materialistic version of Homo sapiens. Such an orientation implies and conducts to a psychological model of competition, a model grounded on the work of the “father” of modern psychology: Sigmund Freud. He uses psychoanalysis to explain the origins and impacts of civilization, mainly in *Civilization and its Discontents*, a late work from the period of economic and political crisis of early 1930’.

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The Freud's terminology used in this article is related to the basics of his theory. A three-dimension structure of the human psyche: the id (pure instinctual and impulsive, entirely unconscious, based on the pleasure principle outside any social rules or moral dictates)<sup>1</sup>, the ego (rational level, mostly conscious and partly unconscious; imposing the "reality principle" by reconciling the id with social environment and the id with the super ego)<sup>2</sup> and the superego (also mostly conscious and partly unconscious; structured into conscience and an ego-ideal; internalizes society's restrictions into the conscience and internalizes society's values into the ego-ideal)<sup>3</sup>. The Ego's defense mechanisms to which we refer are limited to those described or implied by Freud (see also Anna Freud, 2002). The most commonly are: repression, denial, regression, displacement, projection, reaction formation, rationalization and sublimation.

In our approach we tried to extrapolate some individual defense mechanisms to economic actors, to the participants on the market (especially producers) in order to explain several competitive behaviors.

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- 1 *"It is the dark, inaccessible part of our personality [...] It is filled with energy reaching it from the instincts, but it has no organization, produces no collective will, but only a striving to bring about the satisfaction of the instinctual needs subject to the observance of the pleasure principle."* (Freud, 1933/2010: 4682).
  - 2 *"The ego is after all only a portion of the id, a portion that has been expediently modified by the proximity of the external world [...] The ego develops from perceiving the instincts to controlling them; the ego stands for reason and good sense while the id stands for untamed passions[...] The ego must on the whole carry out the id's intentions, it fulfills its task by finding out the circumstances in which those intentions can best be achieved."* (Freud, 1933/2010: 4685).
  - 3 *"It is easy to show that the ego ideal answers to everything that is expected of the higher nature of man. As a substitute for a longing for the father, it contains the germ from which all religions have evolved. The self-judgement which declares that the ego falls short of its ideal produces the religious sense of humility to which the believer appeals in his longing. As a child grows up, the role of father is carried on by teachers and others in authority; their injunctions and prohibitions remain powerful in the ego ideal and continue, in the form of conscience, to exercise the moral censorship. The tension between the demands of conscience and the actual performances of the ego is experienced as a sense of guilt."* (Freud, 1923/2010: 3971).

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We used the Ivan Smith's Public Domain Edition of the Complete Works of Sigmund Freud for the English version of the quotes we made in this paper from his original books.

## 2. Competition as a natural state

The aggressiveness is a dominant characteristic of the individuals' behavior in Freud opinion: *“men are not gentle creatures who want to be loved, and who at the most can defend themselves if they are attacked; there are, on contrary, creatures among whose instinctual endowments is to be reckoned a powerful share of aggressiveness”* (Freud, 1930/1991: 333). Its origin is natural, instinctive, and motivated by some sort of a *“death wish”* commonly named<sup>4</sup> **“Tod”** (from German word for death) or **“Thanatos”** (personification of death in Greek mythology). This death drive is opposite to the life instinct and determined people to engage themselves in risky and (self-) destructive actions (when is directed inward) or into aggression (when is directed outward).

This idea of aggressiveness explains the spirit of competition and the competitive behavior as a natural one. *“As a result, their neighbour is for them not only a potential helper... but also someone who tempts them to satisfy their aggressiveness on him, to exploit his capacity of work without compensation... to seize his possessions, to humiliate hi, to cause him pain, to torture and to kill him. Homo homini lupus... As a rule this cruel aggressiveness waits for some provocation or puts itself at the service of some other purpose, whose goal might also have been reached by wilder measures”* (Freud, 1930/1991: 333).

Such purely natural aggressive behaviors leads to negative consequences and are more likely destructive both social and individual. Insults, physical violence, fights, injuries, murders (even suicides), wars, destruction of goods and all other kind of highly violent and anti-social acts are just examples of particular forms of hostility and explained by it. *“The existence of this inclination to aggression, which we can detect in ourselves and justly assume to be present in others,*

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4 not by Freud himself.

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*is the factor which disturb our relations with our neighbour and which forces civilization into such a high expenditure. In consequence of this primary mutual hostility of human beings, civilized society is perpetually threatened with disintegration” (Freud, 1930/1991: 333).*

Therefore it requires a long-term orientation of these instincts into directions socially acceptable (like sports, competitive games, debates or economic competition). Otherwise this aggressive energy which is permanently generated it could and would be released in some unacceptable ways for society (at least partially). An organized society enforcing rules designed to be the answer to the problem of controlling and guiding instinctual behavior: *“It seems rather that every civilization must be built up on coercion and renunciation of instinct; it does not even seem certain that if coercion were to cease the majority of human beings would be prepared to undertake to perform the work necessary for acquiring new wealth. One has, I think, to reckon with the fact that there are present in all men destructive, and therefore anti-social and anti-cultural, trends and that in a great number of people these are strong enough to determine their behavior in human society” (Freud, 1927/1991: 368).* In this respect, civilization was to the individual as the superego was to the ego and id: it was a method of controlling and punishing the individual’s excesses so that society could prosper. And since its purpose was to control and repress the instinctive desires of each person, civilization could never be entirely comfortable for humanity. It would always struggle against the selfish instinct of the people, and thus civilized humans will always be somewhat discontent with their lot (SparkNotes Editors, 2005). Such restrains could be unpleasant at individual level, but are socially necessary since in significantly large number of situations from real economic life competition has been equated with the act or process of destroying the competitors. “To kill my competitors”, was the answer a former manager of a major company gave to a question, expressing a very clear goal (The Group of Lisbon, 1995: xii).

Competitive behavior based on aggression is obvious a natural one, but it should never be considered as the absolute and unique explanation for social behavior of man. Just as cooperation is not an

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exclusive characteristic of the human race, competition (related to aggression) is not an exclusive characteristic of the animal world. It is present in various forms (as we have already seen before) in the society as well. Even if there are social theories (e.g. Darwin) suggesting that the idea of a competition in and between animal species could be explained exclusively by the instincts (of aggression), an approach which implies that such a natural instinct exists only in a latent state at the human level. And economic field appears to be a proper ground to orientate such internal driven forces.

### **3. Economic competition among rationalization, displacement and sublimation**

If we speculate these ideas, we could say that societies based on competition in the economic field would be less inclined to violence and aggression. Here's how the competition is not just a result of natural behavior of people, a manifestation of human nature itself, but at the same time a peaceful way, socially accepted, in solving the subconsciously dictated struggle for survival.

Extrapolate and integrate the individual defense mechanism into a social one, we may appreciate economic competition as such a result.

In contemporary world, several strategies used in manage the demands of reality could not be usefully in social context, at large scale – such as isolation or asceticism. Other mechanisms are not healthy for individuals or difficult to use for groups, at least on the long run - such is denial. Rationalization, displacement or sublimation seems to be more viable and notable mechanisms identifiable in modern societies, especially connected to economic competition and behind. Rationalization furnishes proper justification for facts or actions by providing acceptable motives. The displacement presumes redirecting instinctual reactions and feelings toward an alternative target. Sublimation assumes the transformation of unacceptable instinctual demands into a socially acceptable, productive choices and activities.

Analyzing economic competition we are generally agreed on the idea that it is the most common, the best promoted and most successful social substitute for aggressiveness. Directing the energies

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toward it is directly related to sublimation when we deal with a positive competition, using economic instruments within the rules of the game. It is the classical view of competition. The perspective of the perfect competition model. A fair competition assumed by internalizing social values and “constructing” an ego-ideal.

When these rules are violated, when economic participants use predatory practices aimed to crush the rivals and to monopolize the market (at least some of them), competition becomes destructive. In such situations economic competition seems to action just as a substitute target, only slightly repressing and more redirecting the aggressive impulses. The mechanism involved appears to be (in any case in several components) the displacement. Acceptable for the social purpose of control the individual’s behavior, (not natural and unregulated) monopoly competition offered less global wealth with higher economic and social costs.

Selfishness and totally free competition could lead to extreme competitive behaviors (as Hobbes describes as “bellum omnium contra omnes” - the war of all against each) (Burke, Genn-Bash and Haines, 1988). A violent free (economic) world is not the long term solution either social or economic. Instead, a guided competition (i.e. regulated) on supervised markets by a strong and interventionist state became the next logical step. Societies already had imposed effective limits to general aggressiveness as well as moral guidance (law, religion, philosophy). That was the sense of civilization. In this context the economic competition could not be the exception. Market regulations, antitrust laws, consumer’s protection regulations and other such measures impose new and enhanced rules for the economic competition, too. The super ego, the conscience was the component which integrated all these. The temptation of breaking the rules of competition remain, but punitive consequences must be taken into considerations now in addition to competitors’ response.

When we violate the ethics of competition and/or relevant legislation (e.g. by using unfair practices, noneconomic instruments and/or illegal methods), a commonly used justification is that everybody (or most of the rivals) does the same thing, that it is a general practice on



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the market. The unfair competition behaviors could be explained thru a mechanism of rationalization. Similarly, the monopolization process (not necessary aggressive) could be justified by the superior efficiency (the best must win), the spirit of competition (someone must always win) or economic conditions (economies of scale, costs reduction). Even if some of those are economically correct, they do not necessarily imply the elimination of other competitors.

This is not contradictory to what we expressed before, related to markets' monopolization. In this context we consider the elaborate long run strategies and not impulsive responses to market incentives. In any circumstances, markets' monopolization is not a natural goal for competition, It is neither socially and neither economical acceptable.

The competition for market control can be seen as well as an economic equivalent of the struggle for dominant alpha male in the animal world. In this approach, the subordination of the direct rivals is the basic aim and not their destruction. And in any case elimination (extermination) of all competitors is clearly not justified. From this point of view markets' monopolization had no valid argument. Only market control and domination must be the "natural" target.

Yet which is the link between the formation of individual behavior and those of the firms?

The firms are nothing more than organized groups (hierarchical, structured) of people. Economic decisions are decisions that originate in human minds. There are generated by professionals, educated people, but however primarily people. The mechanisms aren't different from the general ones. From this point of view, the human behavior is transferred to and determines the firms' behavior. Personality of the owners and/or managers is what determines organizational culture. And the source of the behavior of firms could be found in the individuals' adaptive mechanisms. How human mind works at individual level could explain how organizations work.

The economic environment is one essentially competitive, based on a certain form and level of aggressiveness accepted and encouraged. In the same time social energies and aggressiveness are oriented to be consumed thru economic competition. Fighting nature of man

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is controlled by this mechanism at the largest scale. Adapting to competition is measured by success (market share, domination, profits, and customers) or at least by survival. Because someone's success can mean the failure to others, the risk of failure requires previous preparations. And that normality requires adaptive mechanisms.

#### **4. Concluding remarks**

What is more adequate, more suitable and more "natural" for mankind: competition or cooperation? Several studies which test the importance of competition in opposition to other values, especially to cooperation, in different cultures, in generally conclude that Americans uniquely praise competition as natural, inevitable and desirable (Competition, 2015). Nevertheless, competition is an important part of almost all the contemporary societies and the value of competition, at least in specific areas, is emphasizes in all cases.

Even today psychologists disagree if competition is a learned or genetic component of human behavior. Although, for Freud the answer is seems to be clear: competition, in all forms and (especially in all) intensities are in the human nature, marked in our "DNA" (using a current expression). In particular is referring to the extreme forms of competition, an aggressive and violent and in all circumstance totally egoistic one. The natural state of humanity presumes such actions as a normal and permanent presents in a world without any rules. A primitive stage in which there was no or insignificant social organization as well as (at most) a limited rationality.

The development of society tempers extreme behaviors by enforces rules able to assure an even competition and eliminate too aggressive (predatory) practices. But such rules limit in many situations the cooperation between individuals as well. In other circumstances it made from competition a compulsory behavior, which can also cause frustration and cancel some (or all) positive aspects of this socially guided market competition. Freud considered that an orientated competitive behavior (e.g. sports, art or other "peaceful" activities) is a solution for controlling the natural aggressiveness. Economic competition (as a social game) appears to be and to remain the

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principal orientation in modern world, the main instrument and the most popular one. Although is not really a natural (instinctual) behavior, competition was so deeply and for so long projected in our mind, that it became practically an inseparable part of it. We “naturalized” it.

Therefore, the competitive behavior of the humans seems rather be acquired than natural one, a cultivated one. Two appears to be the ways of acquiring it, as well as it learning goals: (1) we are tempted to compete (only) if such behavior looks to be better rewarded (social position, money, power) or (2) as a result of adapting our behavior to the norms of society in which we live and / or as adaptive response to the behavior of the others.

Lack or important shortage in resources as well as major differences in goals was and are the most common motive for strong conflicts. Competition (economic case) didn't take place if we are not in the presence of irreconcilable objectives of humans and/or organizations. So competition is a result of exterior (material) condition rather than interior desires. Homo sapiens is not, by all means, just a Homo competitor.

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