

THE CENTRE FOR ENTERPRISE, MARKETS AND ETHICS

ENTERPRISE AND FAITH SERIES

GOD AND COMPETITION

TOWARDS A POSITIVE THEOLOGY OF
COMPETITIVE BEHAVIOUR

EDWARD CARTER

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CHAPTER 1

INTRODUCTION

In July 2013 the new Archbishop of Canterbury, Justin Welby, gave an interview to the magazine *Total Politics* in which he said:

I've met the head of Wonga and I've had a very good conversation and I said to him quite bluntly we're not in the business of trying to legislate you out of existence, we're trying to compete you out of existence. He's a businessman; he took that well.¹

Although in the end the subsequent failure of Wonga, a pay-day, high-interest loan provider, had more to do with changes in the regulatory framework and an inadequate response from the company's management, Archbishop Welby's comment was nevertheless very striking. It seemed to open up the possibility that commercial competition might in some circumstances be part of God's purposes.²

In a broader way, competitive behaviour is clearly a significant factor in the lives of communities and individuals. This is not to exclude cooperation. Rather, it seems important to acknowledge that both are real, and to explore how they might fruitfully co-exist. This is one of the underpinning premises of game theory, in which positive outcomes are achieved through a careful application of both competitive and cooperative behaviour.³

In 2016 I wrote a short publication entitled *God and Enterprise*. As part of my attempt to sketch out a theologically robust theory of entrepreneurial activity I found myself referring at various crucial points in my argument to competition. I described how a context of abundance will open up the possibility of generosity and competitiveness co-existing, leading to a situation in which there can be a 'competitiveness that somehow enjoys the achievements of others rather than seeing them as a threat'.⁴ I also referred to the 'striving for fullness of life that Paul describes in his letters and which is akin to the competitive striving of an entrepreneur'.⁵

As I re-read these passages, I began to realise that a fuller attempt to examine the powerful phenomenon of competitiveness in the light of the Christian faith would be both helpful and necessary. All too often in Christian circles there is a default assumption that competitiveness must be a bad thing. However, this theme of competitive striving does find its place in the Bible in various ways, and in a broader sense is clearly woven into the fabric of creation. This is by no means to say that it is an entirely good or holy thing. More interesting is to examine whether it is irredeemably evil and fallen.

Whether good or evil, or some mixture of the two, it nevertheless seems difficult to deny that the competitive urge is a powerful thing. In the natural world, even the ways plants compete for the available sunlight or animals compete over territory and food appear to be highly significant factors as the growth and development of a habitat occurs. In human terms, for example in the field of sport, it is competition that brings forth achievement. In the 1980s, one of the great sporting rivalries was between Björn Borg and John McEnroe. There was a genuine edge to the competition between the two; no love was lost. But years later Borg's comment was, 'We brought tennis to another level.'⁶

Again and again, because of and despite the fierceness of the sporting competitive situation, an advance is made, hence the new records that are so regularly set. It seems at least possible that these advances are connected to human flourishing as well as achievement, and that this in turn might have something to do with God's purposes.

This is also true in the world of business and commerce. To take just one example, Boeing and Airbus are currently the world's two largest commercial manufacturers of aircraft. The story of their competitive rivalry has many fascinating aspects, but the overarching narrative is one in which that particular rivalry brought forth advances in the sector, and led to improvements and new possibilities.⁷ Even if there are questions about the moral status of air travel, at the very least it remains true that such a competitive situation seems to release extraordinary power and effects great changes. Competition cannot be ignored as a phenomenon, and deserves a careful examination from a Christian perspective.

On Sunday 17 February 2019, I found myself due to preach at St Peter Mancroft, the church in Norwich where I am the vicar. One of the Bible readings was 1 Corinthians 9.24–27, in which Paul describes the need to run the race and win the prize. I took this as an opportunity to explore briefly the theme of competitiveness, and to ask if it could be seen as a good and Godly thing. I touched on the creative and destructive aspects of competition, and the great themes of identity and solidarity within the context of salvation history. This publication has as its aim a more extended reflection on the questions I provisionally engaged with in my sermon.

‘Competition cannot be ignored as a phenomenon’

First, in Chapter 2, I examine the very nature of competition from various perspectives, while attempting to build up a picture of what might be termed the timeless, ‘mechanical’ aspects of competitiveness, as well as the bigger story of how competitive behaviour shapes the flow of history. Although there are certainly destructive elements to this, I conclude that the freedom to compete is both a powerful and a largely positive thing, when held in balance with other human emotions and urges.

Then, in Chapter 3, after noting the conventional wariness on the part of some Christians towards competitiveness, but also the way it is sometimes embraced, I undertake a careful and extended explanation and interpretation of two particular Bible passages. One of these is long and the other very short. I show the way these two apparently different descriptions of competitiveness are connected, and then offer some theological insights into how human competitiveness might play its part in helping both individuals and communities discover their true identity and purpose under God, in a creative rather than destructive way. I then introduce a case study – the result of an interview with a Christian entrepreneur – to see how theory and practice might inform and corroborate each other.

Finally, in Chapter 4, I draw together my conclusions, describing some guiding principles and practical suggestions that I hope will be helpful both for Christians in business and more generally. My aim is to show that

competitive behaviour might be understood not as a problem to be shrugged off but as a powerful aspect of human nature, to be harnessed carefully and deployed, just as Archbishop Justin Welby spoke of competing Wonga out of business in 2013.

NOTES

1. <https://www.totalpolitics.com/articles/interview/archbishops-move-can-welby-restore-faith-church>.
2. Malcolm Brown's survey of Anglican Social Theology describes well the freshness that Justin Welby's comments conveyed; see his 'The Case for Anglican Social Theology Today', in M. Brown (ed.), *Anglican Social Theology*, London: Church House Publishing, 2014, pp. 1–27 (pp. 19–21).
3. There is a vast literature on game theory; for one quite technical overview, see S. Tadelis, *Game Theory: An Introduction*, Princeton, NJ: Princeton University Press, 2013.
4. E. Carter, *God and Enterprise: Towards a Theology of the Entrepreneur*, Oxford: The Centre for Enterprise, Markets and Ethics, 2016, p. 22.
5. Carter, *God and Enterprise*, p. 42.
6. <https://www.nytimes.com/2011/07/15/sports/tennis/borg-and-mcenenroe-in-rivalry-and-friendship.html>.
7. J. Newhouse, *Boeing Versus Airbus: The Inside Story of the Greatest International Competition in Business*, New York: Vintage, 2008.

CHAPTER 2

THE NATURE OF
COMPETITION

There are a number of different aspects of competition to consider.

2.1 COMPETITION IN ECONOMIC THEORY

Neoclassical economic theory, which has dominated the study of economics over the past 70 years, has a central place for competition.¹ The abstracted version of this theory posits a situation of ‘perfect competition’, in which a large number of firms supply a marketplace populated with a large number of consumers, and in which there is perfect information about the desires and intentions of all those producers and consumers. While it is easy to point out the lack of realism within such a hypothetical marketplace, nonetheless the value of the analysis lies in the underlying assumption that competitive behaviour will push things towards a more optimal outcome. Inefficient producers will be unable to compete successfully, and so will have either to adapt or die. Producers attempting to secure super-normal profits will find that they are competed away. Once the market has reached its equilibrium point under these competitive pressures, consumers will benefit from an optimal supply of goods or services at a price and quantity that combine to maximise utility, and producers will be able to earn what are termed ‘normal profits’, which provide a level of return that equates to other rates of return on capital elsewhere in the economy.²

Even if the assumptions of perfect competition cannot ever completely apply, it remains true that the behavioural patterns implied will still be present, at least in part. That this is true is seen when a monopolistic (one seller) or monopsonistic (one buyer) market is examined. These are the most extreme cases of market failure, or more accurately competition failure. An untrammelled monopolist or monopsonist will be able to acquire surplus profits, simply because of the lack of competitive pressure. Intuitively this feels unfair, or even immoral, but in a technical sense it still springs from optimal behaviour, at least in the short term. This is why large companies with a dominant market position are often so keen to use buyouts and

mergers whenever a growing competitor emerges. It also explains why so much regulatory effort is put into constraining such corporate tactics.

However, society also promotes competitive restrictions in the form of patent law. When a patent is granted it gives the patentee a legal monopoly to produce and sell a product. This is felt to be a desirable thing because it encourages inventive and innovative activity, and allows the innovator to benefit from the product that has been created or improved. In the case of healthcare and therapeutic drugs, this is the entire business model. The fortunes of companies operating in this sector depend completely on the pipeline of newly patented drugs they have coming through. Without the protection of a legal monopoly it would seem unlikely that a firm would commit to the huge research and development overheads required to bring a new drug to the market, knowing that a competitor could quickly and inexpensively copy it. Legal monopsonists also sometimes exist, usually when some national strategic interest is at stake and a compulsory purchase price is set by regulation.

Herman Daly has pointed out that the pressures of competition in a market can often lead to the externalising of costs, rather than the securing of proper efficiency gains.³ This is a particular problem when the global economy is considered, since the weakness of international law results in a variety of legal and moral standards across different jurisdictions, something that companies can exploit. The strongest examples of this kind of cost externalising are found in environmental standards and in workers' rights. A business, instead of improving its activities when it comes to costs such as these so as to be competitive, can instead in effect lower its standards under the pressure of competition by externalising costs such as pollution control, wage levels, medical insurance, liability for accidents and so forth. This is the kind of activity the UK Modern Slavery Act of 2015 has been designed to restrict and curtail.

Even in a self-contained market that is broadly competitive and in which costs cannot be externalised, there are ways surplus profits can be earned in the short run. This is the more dynamic aspect of standard neoclassical theory, under which some kind of competitive activity, perhaps an innovation, will give a particular firm a short-term advantage. However, in a competitive

marketplace this short-term advantage will soon be competed away. Even though under the theory the equilibrium point is meant to shape the entire pattern of activity, in fact in a changing and developing world there is no persisting equilibrium, and competition is not so much a ‘flattening’ thing making everyone the same but rather the characteristic of a marketplace that opens up constant activity and movement.

Economic theory can thereby be turned on its head, such that it no longer works with the assumption of an equilibrium point but describes a world of constant change in the face of the competitive instinct. This is to place enterprise much more at the heart of economics than the neoclassical theory normally allows for, and to open up a rich description of economic history that overlaps with other societal themes, such as democracy and personal freedoms.⁴

2.2 COMPETITION AS ENTREPRENEURIAL ACTIVITY

Entrepreneurs seek to disrupt markets. That they sometimes succeed in doing so results in significant market changes over time. Once-prominent corporations are overturned or diminished, for example Kodak in the face of digital cameras, or the home video-rental company Blockbuster, which was unable to survive the arrival of digital streaming services such as Netflix. In general, the forces of competition seem increasingly to work in this way within the capitalist economies of today.⁵

One striking example of this principle is seen in the global advertising agency TBWA, which calls itself the ‘Disruption Company’ and has registered disruption as a key descriptor of what it can offer its clients. While in one sense this is just a clever piece of promotional marketing, such positioning reflects what is required if a brand is to be strengthened and a client served properly.

The way early-stages venture capital is sought also reflects the language of disruption, for example on the UK-based Crowdcube forum. One recent (2019) example, among many others, is a company called Blueprints, which operates as an investment platform for economic development projects. The opening statement of its crowdfunding pitch used language that referred to disrupting a \$33.5trn market with peer-to-peer technology and

an equitable 50:50 model. Here, the use of the word ‘disrupt’ speaks of business opportunity. Indeed, Crowdcube itself has been described as a powerful force in disrupting the venture capital market, and allowing many new small investors to access opportunities, albeit with risk entailed.

A picture of competition emerges that is both creative and unsettling. It is creative in that new ways of doing things are encouraged, but it is also unsettling or even destructive in that existing market players are challenged and sometimes destroyed. Richard Higginson captures this well in his 1997 Grove Booklet *The Ethics of Business Competition*, as he explores and challenges the two prevailing metaphors attached to business competition, those of ‘war’ and of ‘sport’ or ‘the game’.⁶ Higginson is satisfied with neither as a complete description of the competitive business situation, but he sees them as useful in helping to encapsulate the combination of creative power and combativeness that entrepreneurial activity seems to give rise to, and which in his eyes must therefore be held within an ethical framework.

2.3 THE DESTRUCTIVE AND CREATIVE POWER OF COMPETITION

As already described, competition is of central importance within the economy, but it is of course also of broader significance. It is recognised within sibling and other relationships, within sport and within politics.

Perhaps the strongest destructive manifestation of competition can be seen when rival nations go to war with each other.⁷ In the years leading up to the First World War the European ‘Great Powers’ saw themselves as competitive rivals with competing interests. Notably, the naval arms race between Germany and the UK witnessed a competitive scramble to build ever-larger warships. When war broke out, all sense of proportion was lost and the destructive–competitive forces at play resulted in unprecedented loss of life and material wealth.

One of the best-known British Army Chaplains in that war was G. A. Studdert Kennedy. Although he is better known for his poetry, his most distinctive theological contribution is to be found in his short book *The Hardest Part*, which sprang directly out of his experience near the front line. In a way that foreshadows the writing of the theologian Jürgen Moltmann,

Studdert Kennedy describes the Christian God as being present in human suffering and tragedy. Scarred deeply by the destructive experience of war and its apparent inevitability, the tools of unity and cooperation become for him the only way humanity can make progress towards God. His view of competitiveness is set alongside this godly progress, being the contrasting way a fallen world carries out its affairs:

There is no such thing as peace, and never can be. Competition is just peaceful war with far more cruel weapons than either shot or shell. War is competition stripped of all disguise – without the velvet glove. Who is going to deny that competition is the law of business and the law of life? A few parsons perhaps, and some socialists who want what they have not got. Every sensible man of the world knows that cut-throat competition is the law of life, the cause of progress and the only real motive of efficiency and work.⁸

Studdert Kennedy makes here a direct connection between war and competition, which is for him ‘peaceful war’. However, just as he describes the presence of God within the pain of war, so too, I believe, he opens up the possibility of finding God’s purposes within the deeply rooted competitive human instinct.

War is destructive, but it also at least has the potential to be ultimately a force for good, bringing about a new situation in which justice is done and a new peace made. This is the basis for the ‘just war’ theory, under which some Christians take the view that a war should be fought, albeit as a last resort.⁹ The restorative aspects of such a war are usually taken as its principal justification but there might also be other, more creative features lying within such conflicts.

In his book *The War of the World*, Niall Ferguson sketches out the brutal and deeply destructive history of the twentieth century.¹⁰ It is in many ways nothing more than an account of a bloodbath. However, at a few moments in his account Ferguson brings to bear some intriguing insights. These revolve around the idea that out of the competitive instincts lying at the heart of conflict there is also a unifying force at work. Ferguson observes that competition between nation states includes a balancing aspect, by which

any one player on the stage is naturally held in check by the others. He also describes what he terms ‘the osmosis of war’, under which enemies begin to take on the characteristics of each other.¹¹ While this includes the mirroring of cruelty and hatred, it also contains the seeds of a commonality that is revealed through the hard-fought rigours of competition.

Osmosis, in a scientific sense, can only work if there is physical proximity. The two liquids become more and more like each other, notwithstanding the membrane that exists between them. This physical proximity is an important factor when it comes to exploring the creative aspect of competition. The competitive situation brings different players together and builds a mutual awareness. A business will know its competitors well because they are competing in the same marketplace, and out of this mutual knowledge there arises both a kind of commonality and a fierce rivalry.

**‘Competition
can foster a
greater mutual
understanding’**

Peace is often assumed to be the complete opposite of the destructiveness of war, but it can be argued that the seeds of a creative reconciliation lie within the physical proximity that the competitive, even warlike situation itself brings about. Far from being nothing but a ‘problem’, competition can foster a greater mutual understanding and provide the resources for what in the end will be a much more secure and creatively peaceful outcome.

2.4 COMPETITION: A FORCE THAT SHAPES HISTORY

Arguably the most important difference between a feudal, pre-modern economy and the economies of the Industrial Revolution is the fact that individuals are no longer kept in their ‘proper’, predetermined place within the social structures but are now set free to find their own role alongside everyone else. The most important aspect of a modern economy that makes this possible is the permission and ability to compete. This development depended on social and legal changes, but more importantly it sprang out of a change in the way people thought about the world and its economic life.

In his popular history *A Splendid Exchange*,¹² telling how trade and economics have played a leading role in shaping history, William Bernstein explains how the intellectual and philosophical revolution brought about by Adam Smith and other thinkers led to the ‘creative disruption’ of open competition. Bernstein illustrates this powerful change with reference to the East India Company (EIC).¹³ Founded in 1600 by royal charter from Queen Elizabeth I, the EIC operated successfully in the Far East, initially purely as a trading concern although it became a political force in its own right. It traded within the conventions of the time, following long-established customs and regulations. The story is complex and in many ways a testimony to human folly and greed, but at heart it describes how a change in economic philosophy played out in the real economy. As Bernstein concludes, ‘Before 1700, the globalist creed of Child and Martyn gained remarkably little public traction, but by 1830, Adam Smith’s free-market principles, as personified by William Jardine and James Matheson, carried the day.’¹⁴

A persuasive theory as to where this seismic change had its roots is set out by R. H. Tawney in his highly influential book *Religion and the Rise of Capitalism*.¹⁵ Tawney’s thesis has been contested and adapted in various ways, but the way he points to a connection between changes in religious practice and changes in the economy seems robust. The Puritans overthrew the old religious hierarchies of the late-medieval period on theological grounds, harnessing the energies of the Reformation. They paired a new individual accountability before God with a heightened sense of personal agency. As these two things gradually became separated and detached from faith itself, so the rise of secular ethics and of free-market economics became inevitable. Tawney captures this movement on a personal level in these words, part of his conclusion:

From a spiritual being, who, in order to survive, must devote a reasonable attention to economic interests, man seems sometimes to have become an economic animal, who will be prudent, nevertheless, if he takes due precautions to assure his spiritual well-being.¹⁶

If this is true for the individual, it is even more powerfully so for the community. Brad Gregory, building on Tawney’s insights and with the advantage of having seen the full flowering of the global free-market