

# The historical roots for competition universalism and its drawbacks

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## Abstract

This paper discusses the actual relevance and historical origins of ‘competition universalism’. Many economists consider competition to be a nearly ubiquitous element of today’s economies, or, at least, use competition to study a wide array of social and political relations, such as competition between firms for market shares, between individuals for prestige, countries for resources, sportsmen for victory, or politicians for democratic influence. This trend towards ‘competition universalism’ is not by accident: it was facilitated by the growing dominance of an economic approach that places less weight on descriptive accuracy and a consideration of socio-historical specificities, but focuses more on the development of generally applicable and analytically tractable mathematical models. The trend towards competition universalism can, thereby, be aligned with developments in the dominant epistemological orientation in economics.

The present paper first explicates the historical genesis of competition universalism, and then discusses the extent that it has reached today. To this end, it comprises two parts: the first part develops a framework that provides for the analytical vocabulary to discuss the historical origins and current role of competition universalism in the second part. In the first part we begin with a delineation of the elements a definition of competition should entail and, thereby, clarify the central subject of investigation. Then we distinguish ‘economic’ competition from other types of competition and discuss potential methodological problems of (and alternatives to) a universalist approach to competition.

In the second part we study the historical development in economics towards competition universalism. This trend has neither been linear nor universal and can be characterized as an ‘wave-like’ dynamics: in the 18<sup>th</sup> century, scholars distinguished and investigated competition in different social spheres. Thereby, the methods of investigation were quite distinct and kept separate by the authors. Later, during the “mathematization of economics” à la Debreu, economists focused more on what Walras had termed ‘pure economics’, i.e. an abstract and theoretical investigation of competition. The realm of applicability was then widened again through a new generation of economists: during the time of *economic imperialism*, the topics studied with the economic method were broadened, however, without regaining the conceptual and methodological diversity of the economic sphere. This development has not been followed by all economists, however: some paradigms kept the conceptual and methodological diversity of the classical economists with regard to the topic of ‘competition’. Correspondingly, the phenomenon of competition universalism is important, but not universal in economics today.