

# Concepts of competition

*Quelle:* Martin, Stephen, Globalization and the natural limits of competition, in: Neumann, M./Weigand, J. (Hrsg.), The International Handbook of Competition, Edward Elgar 2004, S. 16-64.

## *Table 1.1 Competition as rivalry*

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| Ely, R. T. (1901, S. 58):<br>'Competition: its nature, its permanency, and its beneficence',<br><i>Publications of the American Economic Association</i> , 3 <sup>rd</sup> series, 2, February, S. 55-70.   | Competition, in a large sense, means a struggle of conflicting interest.  |
| Eddy, A. J. (1913, S. 21): <i>The New Competition</i> , Chicago, A. C. McClurg & Co.  | ... competition is on a level and practically synonymous with terms such as 'struggle', 'contest', 'rivalry'.   |
| Lilienthal, D. E. (1952, S. 54):<br><i>Big Business: A New Era</i> , New York, Harper & Brothers Publishers.  | To most of us layman, competition means struggle, contest, rivalry, matching of wits or strength. ... To the non-economist, competition <i>in business</i> is but one manifest of this spirit of conflict and rivalry of ideas. |
| Stigler, G. J. (1957, S. 235):<br>'Perfect competition, historically contemplated', <i>Journal of Political Economy</i> 65, in: Stigler, G. J. (1965): <i>Essays in the History of Economics</i> , Chicago and London: The University of Chicago Press, S. 234-267. | 'Competition' entered economics from common discourse, and for long it connoted only the independent rivalry of two or more persons.  |

*Table 1.2 Competition as the absence of barriers to entry and exit*

Liefmann, R. L. (1915, S. 316):  
'Monopoly or competition as the basis of a government trust policy', *Quarterly Journal of Economics* 29, S. 308-325.

Competition ... is then not merely the presence of several sellers in the market. One might define it as the possibility of the free movement of labor and capital. Competition, latent at least, is present as long as the appearance of a new seller in a branch of industry is not precluded.

Machlup, F. (1942, S. 2):  
'Competition, oligopoly, and profits', *Economica*, S. 1-23, 153-173.

In the succeeding discussion ... the expression perfect competition ... will exclusively denote free and easy entry into the industry.

Stigler, G. J. (1957, S. 264-265):  
'Perfect competition, historically contemplated', *Journal of Political Economy* 65, in Stigler, G. J. (1965): *Essays in the History of Economics*, Chicago and London, The University of Chicago Press, S. 234-267.

It seems preferable, therefore, to adapt the concept of competition to changing conditions by another method: to insist only upon the absence of barriers to entry and exit from an industry in the long-run normal period; that is, in the period long enough to allow substantial changes in the quantities of even the most durable and specialized resources.

Andrews, P. S. W. (1964): *On Competition in Economic Theory*, London, Macmillan.

The essential characteristic of an industry which is in open competition ... is nothing more than that such an industry is formally open to the entry of new competition. ... it will follow from my later argument that an industry with only one firm in it might well have to be analysed as though it were competitive.

*Table 1.3 Competition as a selection mechanism*

Ely, R. T. (1901, S. 64):  
'Competition: its nature, its permanency, and its beneficence', *Publications of the American Economic Association*, 3<sup>rd</sup> series, 2, February, S. 55-70.

Competition is the chief selective process in modern economic society, and through it we have the survival of the fit.

*Encyclopaedia Britannica* (zitiert in Eddy, A. J. (1913, S. 19): *The New Competition*, Chicago, A. C. McClurg & Co.)

Competition, in the sense in which the word is still used in many economic works, is merely a special case of the struggle for survival. ...  
Competition, in the Darwinian sense, is characteristic, not only of modern industrial states, but of all living organisms.

*Table 1.4 Competition as price-taking behavior*

Chamberlin, E. H. (1933, S. 7): *The Theory of Monopolistic Competition*, Cambridge, MA, Harvard University Press.

Monopoly ordinarily means control over the supply, and therefore over the price. A sole prerequisite to pure competition is indicated – that no one have any degree of such control.

Lerner, A. P. (1934, S. 157): ‘The concept of monopoly and the measurement of monopoly power’, *Review of Economic Studies* 1, S. 157-175.

... the monopolist is confronted with a falling demand curve for his product ... while the seller in a purely competitive market has a horizontal demand curve ...

Stigler, G. J. (1957, S. 262): ‘Perfect competition, historically contemplated’, *Journal of Political Economy* 65, in: Stigler, G. J. (1965): *Essays in the History of Economics*, Chicago and London: The University of Chicago Press, S. 234-267.

If we were free to redefine competition at this late date, a persuasive case could be made that it should be restricted to meaning the absence of monopoly power in a market.