**Competitive Markets, Moral Development and Fairness**

From the dawn of time, the world has been marked by conflict, struggle, and opposition. Conflict between individuals, between groups, and even between individuals and the social groups they belong to is a common part of our social reality. Although actions of conflicting parties are not necessarily aimed at harming one another, competition by its nature may easily generate hostility among competitors and great harms for losers and even third parties. Since the time of A. Smith the belief that the market system can be utilized to coordinate individual conflicting interests and actions in a mutually beneficial manner came into prominence.

# Focus of the paper

The question whether we should have a market-based economy is currently off the agenda since alternative systems have been demonstrated as inferior in practice. However, the core disagreement is not about the desirability of a market-based economy in itself, rather about the desirability of a liberalized market economy. The classical liberal arguments for a market system are well-known and will remain largely in the background. Instead, the focus will be on the controversial (often implicit) claim that economic competition, just as the competition in the marketplace for ideas, is conducive to self-improvement and moral development of individuals. In this respect, Tomasi recently argued that extensive economic freedoms are essential for individual self-authorship and the development of one’s moral powers. In contrast, most authors follow J.S.Mill who did not believe that economic exchanges and commerce contribute to the free development of individuality or moral personhood in the same way as civic/political liberties, or competition in the realm of ideas.

# Research questions

First, what is the connection between competitive markets, personal self-improvement and moral development? Is the classical liberal argument based largely on wishful thinking and meant to be taken as a broad rhetoric, or is there something substantive underlying it? Looking at how real markets operate or the “tragedy of commons” arguments the speculated positive connection is not obvious. Also, showing that economic competition contributes to self-improvement (understood broadly as increase in skills or productivity) of some people is not the same as arguing that it is an essential component for the development of one’s moral personhood.

Considering this, how should the impact of competition on individuals be theorized? Should the focus be only on short-term outcomes (generally more negative) or also on the long-term outcomes (generally more beneficial)? The application of the standard model of perfect competition, in this respect, can be inadequate.

Finally, how should a system of competitive markets, which privileges those with greater economic power, be reconciled with the demands of fairness and equal opportunity?

# Outline of the argument

Starting from the Millian argument, I intend to show that there is a parallelism between competition in the sphere of ideas and economic sphere, and that the latter was subjected to unwarranted restrictions. Instead of directly continuing Tomasi’s argument, my focus will be on exploring the epistemic and deliberative dimension of market competition. On a personalized level, as Hayek argued, the market system establishes a structure of incentives that encourages individuals to utilize their localized knowledge and subjective perceptions of opportunity in a manner that serves other people’s needs and desires, while competition pressures individuals to constantly improve and explore new economic possibilities in order to continue generating benefits for themselves. However, it is not just about improvement for self-interest. Competition can also facilitate personal/collective learning and deliberation about what are legitimate ways of acting in the economic sphere. Consider how the emergence of Uber reinvigorated the debate about deteriorating labour rights. This interplay between competition and deliberation then leads to moral development. Nevertheless, the argument will hold only if a fair value of economic freedoms is guaranteed, which I believe requires going beyond the standard classical liberal account.

**Key words:** competition, deliberation, know-how, fairness