
IS THE MARKET ECONOMY A PARALLEL COMPETITION?

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A COMMENTARY ON Shai Agmon, “Two Concepts of Competition,” *Ethics* 133 (1) (2022): 5–37,

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ABSTRACT

Shai Agmon distinguishes between *frictional competitions*, in which competitors are permitted and encouraged to interfere with each other’s moves, and *parallel competitions*, which place competitors on separate, non-interacting tracks. He argues that the market economy is a parallel competition, making it importantly different from frictional competitions like the adversary legal system. Here I challenge this argument: it relies too much on general equilibrium theory for real-world applicability. Yet I also defend Agmon’s reluctance to categorise the market as a frictional competition, for blatant interference with competitors is generally an impermissible business strategy. Agmon neglects a third category, *strategic competitions*, which do not permit interference but do involve a different kind of interaction, namely an iterated anticipation-and-response to competitors’ moves.

SHAI AGMON HAS introduced a distinction between two types of competition. The distinction concerns whether interference between competitors is built into the design of the competition: when it is, the competition is *frictional*; when it is not, the competition is *parallel*. Basketball is a frictional competition because the players are permitted and encouraged to interfere with the moves performed by the opposing team, for example by intercepting passes and blocking

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shots. (That isn't to say there are no limits on this interference; some acts are fouls.) In contrast, a relay race is a parallel competition because the competing teams are each "in [their] own lane" (Agmon 2022: 12): one team may not block another team's baton pass. The relay runners are still likely to attend to what the other teams are doing (including their training regimens and such), but when it comes down to it they must run their own race.

The distinction is of interest for business ethics because Agmon (2022: 12) argues that a market economy is a parallel competition: "each person [in the market] is supposed to maximize her own self-interest by adjusting to the price mechanism. No clash is needed for the competition to generate its social value". Much like relay runners, market competitors may each "glance over their shoulder" (Agmon 2022: 10) to see how their rivals are doing, but they may not interfere with those rivals; they can only try to do better themselves. In contrast, the adversary legal system is a frictional competition, with rival lawyers permitted and encouraged to block each other's moves, for example by raising objections or filing motions. The distinction matters, Agmon thinks, because the values of equality and freedom bear differently on different types of competition: compared to frictional competitions, parallel competitions require less equality between the competitors and fewer restrictions on negative liberty (2022: 20–28). In a subsequent article with Samuel Bagg (2026), Agmon elaborates on the kinds of regulatory interventions that best preserve a parallel structure, such as anti-trust laws aimed at preventing businesses from acquiring sufficient market power to effectively interfere with rivals.

I won't here assess the regulatory implications of Agmon's claim that the market economy is a parallel competition. Instead, I dispute the claim: market competition is not helpfully likened to a race on parallel tracks. Yet I also agree that the market is not a frictional competition, for interfering with rivals is typically an impermissible business strategy. Agmon has neglected a third type of competition, one that prohibits interference but builds other kinds of strategic interaction into its design.

1

Why does Agmon believe that a market economy is a parallel competition? His argument relies on general equilibrium theory. Agmon notes that under conditions of perfect competition, where all market participants are price-takers, there is no room for friction. Each business, worker, investor, and consumer simply responds to price signals and is thereby led to an efficient equilibrium. This diagnosis seems correct as far as perfect competition is concerned, which after all can be modelled as a Walrasian auction where market participants never actually interact with one another. As Herbert Gintis (1999: 72, emphasis in original) puts it, “There is in fact no competition in the common sense of the term [in general equilibrium], since *agents never meet other agents and agents do not care what other agents are doing*”. Agmon might rephrase as follows: there is no competition in the frictional sense of the term, but there is still a parallel competition, for there are still winners and losers.

But Gintis is pointing out the profound inadequacies of general equilibrium theory for understanding how a market economy actually works. In the real world, market participants very much care about what their rivals are doing: businesses in making pitches to potential clients; workers in vying for openings or promotions; households in seeking to secure that dream home. It is moreover far from obvious that we best understand a market economy by treating it as an approximation of perfect competition, given that the model obscures the dynamics of market rivalry under realistic conditions. (Gintis argues for the adoption of a game-theoretic model from start, a suggestion that’s echoed in my positive proposal below.)

Agmon does briefly anticipate a challenge to his categorisation of the market towards the end of his article. What, he asks, of businesses engaged in “price cutting campaigns” (2022: 36)? Is this parallel or frictional competition? Agmon does not explain his view on the case; instead, he notes that even if market competition turns out to be non-parallel we shall still have learnt something from his distinction, namely that defenses of the market that presume it to be parallel (in relying on general equilibrium theory) are misguided (2022: 36). Perhaps, but that still leaves the question of how we should understand the structure of market competition.

In their more recent piece, Agmon and Bagg (2026) concede that, in practice, market competition contains some frictional elements. These frictional elements are, however, presented as defective forms of market competition – deviations from the parallel ideal – that ought to be limited either by regulation or ethics. On this matter I think the authors are essentially correct: there is something decidedly dubious in market competitors actively blocking or interfering with the actions of their rivals. Consider the recommendations that Arthur Applbaum (1999: 194–195) pulls from influential manuals of corporate strategy, such as securing exclusive contracts with retail stores so that competitors cannot get their products on the shelves, or patenting alternative technologies simply to stop rivals from using them. These monopolistic strategies undercut the efficiency of the market. As Applbaum argues – and Joseph Heath (2014) has influentially elaborated – such strategies should be seen as morally impermissible forms of business competition, given that they undermine its justifying purpose.

Market competition becomes most permissibly frictional when it spills over into legal terrain, for example in (non-vexatious) suits for breach of contract or copyright. That, of course, is what Agmon is saying: the adversary legal system is frictional in a way that market competition is not. However, it does not follow that market competition is parallel. Such an argument by elimination is sound only if parallel and frictional competition are the only options. I next argue that they are not.

2

Although Agmon (2022: see, e.g., 9, 12) sometimes defines a frictional competition as one that permits interference between competitors, he also appeals to the notion of a *clash*: the goal of a frictional competition is to “facilitate a clash between the competitors,” whereas a parallel competition creates “separate, independent pathways for each competitor wherein she is supposed to do her best to win” (2022: 7). But this notion of a “clash” elides a further distinction. Not all clash-like confrontations involve interference, in the sense of blocking the actions of the other players. Competitors can instead be required to *strategically anticipate and react* to each other’s moves and countermoves. I propose that we reserve the term “frictional” for competitions that involve interference

and introduce the notion of *strategic competition* for a third type that is non-frictional but also non-parallel.

Consider poker. Players are each dealt a hand and must decide what moves to play on their turns: calling, raising, folding, etc. No player can block or interfere with the moves of another player: each plays independently in this sense. Yet the players are not placed in “independent pathways” in the style of a parallel game, where all that each can do is try to outperform the others on some separately measurable metric, like running faster. Rather, each player decides what to do in response to the moves of the other player and after calibrating for chance events (namely, the cards that are dealt). The role of bluffing underscores the strategic nature of the game: a player must assess the likelihood that her opponent is bluffing, the likelihood that the opponent thinks that *she* is bluffing, and so on. There is certainly a “clash” between the players. Yet the clash is structurally different from a frictional game like basketball, where competitors can try to interrupt each other’s moves as they are making them.

Business has often been compared to poker—for example, to argue that a certain amount of bluffing is also permitted by its rules (Carr 1968). Whatever we think on that matter, the comparison is apt for clarifying market competition’s basic design, for it is more like poker than either basketball or a relay race. Market competitors, like poker players, engage in an iterated anticipation-and-response to each other’s moves. Each calibrates her own actions in response to how she expects her rivals will act, with the knowledge that those rivals are doing just the same thing, and moreover in the context of changing market conditions—“events” in the game-theoretic sense, analogous to the dealing of cards in poker.

Let us return, in closing, to the example that Agmon (2022: 36) puts forward but does not examine: price cutting campaigns. In initiating such a campaign, a business is not interfering with any actions that a rival business might seek to take (or if it does, it likely breaches the moral rules of the contest). But nor is the business simply trying to do its best from within its own lane. It is instead making a move in a strategic interaction, designed to provoke a response from its rivals. In contemplating such a strategy, the business will make judgments such as: can our competitors afford a prolonged price war? Can we afford it? What market events might upset this aggressive strategy, and how

likely are those events to occur? The crucial point is that managers engaged in such a price war do not merely “glance over their shoulder[s]” (Agmon 2022: 10) to see what their rivals are doing; rather, the actions of their rivals bear directly on what the managers decide to do next. This strategic clash is built into the design of the contest. It is, in fact, the mechanism that lowers prices for consumers, for when businesses do not need to dynamically respond to the moves of their competitors they can rest on their laurels and enjoy wider profit margins.

This clash between businesses is precisely what’s obscured by general equilibrium theory and thus also by the parallel concept of competition. The alternative is to view the market through the framework of game theory: as a strategic interaction in which each player makes their own moves without interference, but always in anticipation and response to the moves of others.

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