



[www.bentonfuturesology.com](http://www.bentonfuturesology.com)

## **The Popular Fallacies about Competition and Maximization of Profit<sup>1</sup>**

**John Benton and Terrance Quinn**

**April 9, 2025**

Enterprises will divide into two classes, the sound and the unsound. The ‘sound’ will establish either an outright monopoly or its practical equivalent of interlocking directorates: they will produce for as much of the aggregate demand as is inelastic; they will learn and practice the technique of killing competition; and they will charge monopoly prices. The ‘unsound’ enterprises will stand on the fringe of this happy hunting ground to reap a profit in times of boom and to lose their investment in times of depression. But note why they are unsound. It is not because they lack enterprise, nor because they do not meet a real demand, nor because they lack intelligence. It is because they are not members of [what today is mainly a corporate and oligarchic] ring that conspires against the public and forces upon it an economy of scarcity. It is because there is such a thing as the trade cycle.<sup>2</sup> And the cause of both

---

<sup>1</sup> This short essay is a modified presentation of Sec. 3 of Terrance Quinn and John Benton, “Economics Actually for Ecological Economics” (Bent on Futuresology, April 3, 2025), <https://bentonfuturesology.com/wp-content/uploads/2025/04/14-Ecol-Ecs-plus-for-BoF-4-4-2025.pdf>.

<sup>2</sup> While the trade cycle, also called the business cycle, is not a direct focus of this essay, elsewhere we have noted that the “business cycle is actually a pathology. For ... it would seem to be the result of ignorance of, and not adapting to, intrinsic norms and criteria of the economy. However, analysis needed, as well as identification of strategies to avoid the business cycle, would require future global collaboration.” See Quinn and Benton, “Economics Actually for Ecological Economics,” 38. Also, see John Benton and Terrance Quinn, “Question 12. How Does Two-Flow Economics Account for ‘Booms and Busts’ in the Economy?” (Bent on Futuresology, 2024), <https://bentonfuturesology.com/frequently-asked-questions/>; John Benton

the trade cycle and the ring is the gullibility of society in accepting profit as a criterion of satisfactory enterprise.<sup>3</sup>

We take the expression “society,” in the last sentence of the epigraph, in its broadest sense as referring not only to institutions of business and commerce, but also to political and cultural institutions, as well as the public at large. So, popular culture, with a familiar ring tacitly but universally extolls the virtue of capitalist enterprise with the refrain: “money makes the world go round.”

It comes as no surprise, then, that competition and profit maximization are assumed to be foundational principles in current mainstream economics. Their nature and origin, as well as their various, and mutually dependent application, have a history of dark influence on economic thought and practice that goes back centuries.<sup>4</sup> Why that influence is characterized ominously as ‘dark’ is not without subtlety. And, of course, adequate identification of the two supposed principles, not to mention collaborative results needed to rectify them in the future, cannot be addressed in this short essay.<sup>5</sup> However, a few observations can provide points of entry for some key issues. First, we draw attention to their presence in the ethos of mainstream economics. Then we comment on their significance. That significance reinforces the fact that society is paying dearly for “accepting profit as a criterion of satisfactory enterprise.”

---

and Terrance Quinn, “Question 17. How Does Two-Flow Economics Account for Prices and Quantities?” (Bent on Futurology, 2024), <https://bentonfuturology.com/frequently-asked-questions/>.

<sup>3</sup> Bernard Lonergan, *For a New Political Economy*, ed. Philip J. McShane, 1st ed., vol. 21, Collected Works of Bernard Lonergan (Toronto: University of Toronto Press, 1998), 92.

“Gullibility” is defined as “the quality of being easily deceived or tricked, and too willing to believe everything that other people say.” “Gullibility,” in *Cambridge English Dictionary* (Cambridge University Press, 2025),

[https://dictionary.cambridge.org/dictionary/english/gullibility#google\\_vignette](https://dictionary.cambridge.org/dictionary/english/gullibility#google_vignette).

<sup>4</sup> See, for example, Joel Mokyr, ed., *The Oxford Encyclopedia of Economic History* (Oxford, UK: Oxford University Press, 2005),

<https://www.oxfordreference.com/display/10.1093/acref/9780195105070.001.0001/acref-9780195105070>.

<sup>5</sup> Eventually, collaboratively, four cumulative past-oriented tasks will take up these issues; and four cumulative future-oriented tasks will work toward identifying implementable possibilities. See sec. 5 of Quinn and Benton, “Economics Actually for Ecological Economics.”

## **A historical sequence of the ethos of mainstream economics**

The ethos of mainstream economics can be traced back, in part, to the philosophy of Niccolò Machiavelli (1469–1527), a sampling of which is as follows:

[F]or it is so far from how one lives to how one should live that he who lets go of what is done for what should be done learns his ruin rather than his preservation. For a man who wants to make a profession of good in all regards must come to ruin among so many who are not good. Hence it is necessary to a prince, if he wants to maintain himself, to learn to be able not to be good, and to use this and not use it according to necessity.<sup>6</sup>

As is well known, it was by way of Thomas Hobbes (1588–1679), and then John Locke (1632–1704), that Machiavelli's influence eventually found its way into the thought of Adam Smith (1723–1790).

Machiavelli's heir was Adam Smith. The invisible hand governs our lives. We look to create wealth, and that wealth can only be made by adhering to reality. ... Smith was as interested in the prince as Machiavelli was. Smith's prince was the businessman, deemed as ruthless and cunning as Medici, but whose cunning was based on allowing himself to take advantage of the moment and the battle of the marketplace. ... But the real thing both cared for was the nation. They were not as interested in princes as they were in the competition in which princes were trapped, and how that competition influenced the power of nations. ...

Adam Smith is seen today as the hero of the free market, of men freed to live as they wish. Machiavelli is seen as the dark brooding side of humanity, of battles in the darkness of the political. But both were saying the same thing, that life is the recognition of what is necessary and what is impossible, and that wealth and power come from submitting to those fundamental moral principles. Adam Smith's notion of laissez-faire economics is about aligning with the market. Machiavelli's prince is about aligning with the state. Free will is knowing what must be and embracing it.

Neither thought ruthlessness was an end in itself. Both believed that ruthlessness was a myth, and that aligning with the market or war,

---

<sup>6</sup> Niccolò Machiavelli, *The Prince*, ed. and trans. Harvey C. Mansfield, 2nd ed. (Chicago and London: The University of Chicago Press, 1998), 61.

submitting to the power of reality, was the path to the most important things: the wealth of nations and the power of cities. Both were saying that all the cunning in the world is of no value if it challenges the reality around you.<sup>7</sup>

Adam Smith's legacy "that wealth can only be made by adhering to reality" became an established practical framework for success in modern capitalism. It consists of an approach that is demonstratively pragmatic and adversarial and can freely resort to cunning and ruthlessness with which to gain the upper hand. Moreover, his view "that wealth and power come from submitting to those fundamental moral principles," give birth and legitimacy to a mainstream economic custom far more honored in the observance than in the breach. Accordingly, in the nineteenth century, industrialist Andrew Carnegie (1835–1919) proclaimed

[o]ur duty is with what is practicable now ... the Law of Accumulation of Wealth, and the Law of Competition; for these are the highest results of human experience, the soil in which society so far has produced the best fruit. Unequally or unjustly, perhaps, as these laws sometimes operate, and imperfect as they appear to the Idealist, they are, nevertheless, like the highest type of man, the best and most valuable of all that humanity has yet accomplished.<sup>8</sup>

In the twentieth century, the influential economist Milton Friedman (1912–2006) echoed Carnegie's commitment to "what is practicable."

The view has been gaining widespread acceptance that corporate officials and labor leaders have a "social responsibility" that goes beyond serving the interest of their stockholders or their members. This view shows a fundamental misconception of the character and nature of a free economy. In such an economy, there is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. Similarly, the "social responsibility" of labor leaders

---

<sup>7</sup> George Friedman, "Machiavelli, Adam Smith and the Limits of Power," *Financial Mirror*, August 8, 2020, <https://www.pressreader.com/cyprus/financial-mirror-cyprus/20200808/281732681834640>.

<sup>8</sup> Andrew Carnegie, "The Gospel of Wealth" (Carnegie Corporation of New York, June 1889), 3, <https://www.carnegie.org/about/our-history/gospelofwealth/>.

is to serve the interests of the members of their unions. It is the responsibility of the rest of us to establish a framework of law such that an individual in pursuing his own interest is, to quote Adam Smith again, “led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good”<sup>9,10</sup>

## **Inadvertent methodological errors**

The views expressed in this brief historical sequence provide data on both economic thought and economic practice that are alien to methodological foundations. The sequence reveals, first, two strands of thought in the tradition: what human nature is, and how economies work, and secondly, the fact that both have influenced economic practice. Appeals for their justification are commensurate with that historical succession of prior views and examples of their application.

There are obvious methodological problems. For instance, whether ostensibly about human nature or allegedly about how economies operate, the views in question were developed in general terms, remote to actual people and actual economic events. As the samples from the literature also show, there is an inadvertent mixing of the two strands of thought. The narrative thus provides data on methodological problems addressed in “Economics Actually for Ecological Economics.”<sup>11</sup> A further problem in method is evident in advancing views by appealing to examples that meet pre-established criteria. The problem is compounded by assuming a limited view of human nature.

## **Economic models that incorporate competition and maximization of profit**

From Richard Cantillon (1680–1734) onward, competition and a concern for profit have been assumed in, and reinforced by a tradition of speculative and,

---

<sup>9</sup> Quoted from Adam Smith, *The Wealth of Nations* (London: Cannan, Edwin, 1930), 421, Bk. IV, chap. ii.

<sup>10</sup> Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), 133.

<sup>11</sup> Quinn and Benton, “Economics Actually for Ecological Economics.” See Section 1.2.

eventually, mathematical modelling. In recent times there is, for example, “equilibrium analysis,” a tradition of economic modeling originated by Léon Walras (1834–1910) and advanced by his followers. Its models are worked out in high-dimensional mathematical spaces that hypothesize limit states (for prices, quantities of goods and services, supply, demand, and maximizing utility) when time is allowed to increase toward infinity. But the models’ terms have no referents in instances of actual production, provision and exchange, and the limit states are merely conceptual entities. They also do not distinguish between the two types of production, let alone the monetary functions and the various types and classes of payment. And even when, in special circumstances, there are evident trends in an economy, the question remains: What are the events that, in the economy, are trending? As Walras himself said, the “whole theory is mathematical.”<sup>12</sup>

Consequent to not recognizing that there are two types of production, equilibrium analysis also

[does] not take into account the phases of the production rhythms. As [can be]<sup>13</sup> shown, economic activity moves through a series of transformations and exploitations, and this series generates the succession of [two-flow] capitalist, materialist, cultural, and static phases. Now [whether locally or on a larger scale] each phase in an exchange economy will have its exchange equilibrium, but the equilibria of the different phases differ radically from one another.<sup>14</sup>

## **An ethos of economic malpractice and abuse**

Whether implicitly or explicitly, deference to competition and maximization of profit persists, despite them being regularly detrimental to society and the public good. When viewed through the lens of two-flow heuristics, part of the problem can be seen when, for example,

[a basic expansion] ought to be directed to raising the standard of living of the whole society. It does not. And the reason it does not is not the

---

<sup>12</sup> Léon Walras, *Léon Walras: Elements of Theoretical Economics: Or The Theory of Social Wealth*, ed. Donald A. Walker and Jan Van Daal (Cambridge: Cambridge University Press, 2014), xi, <https://doi.org/10.1017/CBO9781107585676>.

<sup>13</sup> Original text: “has been.” The possibility is intimated in Sec. 4.1.4 of Quinn and Benton, “Economics Actually for Ecological Economics.”

<sup>14</sup> Lonergan, *For a New Political Economy*, 21:52.

reason on which simple-minded moralists insist. They blame greed. But the prime cause is ignorance. The dynamics of surplus and basic production, surplus and basic expansions, surplus and basic incomes are not understood, not formulated, not taught. When people do not understand what is happening and why, they cannot be expected to act intelligently. When intelligence is a blank, the first law of nature takes over: self-preservation. It is not primarily greed but frantic efforts at self-preservation that turn the recession into a depression, and the depression into a crash.<sup>15</sup>

In particular, there is no understanding of how “finance transfers money from inoperative to dynamic positions in the [two-flow] exchange system”<sup>16</sup>. Conversely, there is no understanding of how finance transfers money from dynamic positions to inoperative positions. And so it happens that

[c]apitalism as an economic system ‘is defined by the fact that it makes structurally central and primary the endless accumulation of capital.’ ... The process of capital accumulation is premised on the ability of capitalists [toward] ... producing and selling goods and services with a profit.<sup>17</sup>

Among defects in the view that profit is a normative criterion of satisfactory enterprise is that

[p]rofit merely demonstrates the profit-maker’s ability to get a lion’s share out of aggregate income. Tell [people] to seek profit and tell them that profit is the result of intelligence, enterprise, and risk. Things will go well for awhile. But sooner or later even the stupidest will realize that the maximum return for their money is through monopoly prices and inelastic demand. This maximum return coincides with the minimum

---

<sup>15</sup> Bernard Lonergan, *Macroeconomic Dynamics: An Essay in Circulation Analysis*, ed. Charles C. Hefling, Patrick H. Byrne, and Frederick G. Lawrence, vol. 15, *Collected Works of Bernard Lonergan* (Toronto: University of Toronto Press, 1999), 82.

<sup>16</sup> Lonergan, *For a New Political Economy*, 21:41.

<sup>17</sup> Angela Wigger and Hubert Buch-Hansen, “The Unfolding Contradictions of Neoliberal Competition Regulation and the Global Economic Crisis: A Missed Opportunity for Change?” in *Neoliberalism in Crisis*, ed. Henk Overbeek and Bastiaan van Apeldoorn (London: Palgrave Macmillan UK, 2012), 25, [https://doi.org/10.1057/9781137002471\\_2](https://doi.org/10.1057/9781137002471_2).

welfare of the community. It tends to yield a perpetual and artificial scarcity.<sup>18</sup>

In further deference to competition,

its proponents are generally much more inclined to cite competition as a desirable organizing principle of capitalist economies and beyond. Positive connotations of competition are dominant in contemporary economic thought, if not in Western societies more broadly. The desirability of competition, provided it is ‘fair competition,’ seems to have slipped beyond the purview of normative critique.<sup>19</sup>

Granted, competition can be valid when, for example, the purpose is to improve production and provision, often through innovation. This might be seen, for instance, when business is conducted in the spirit of “doing things better or at any rate more successfully than the fellow next door” (Schumpeter 1954, 974). However, as the historical sequence shows, competition as both conceived and implemented in mainstream economics is radically different. It is set up to favour individuals, as well as business entities (exclusive enclaves hitherto observed in the epigraph as the ‘sound’) that wield superior wealth and power.

The ‘sound’ will establish either an outright monopoly or its practical equivalent of interlocking directorates: they will produce for as much of the aggregate demand as is inelastic; they will learn and practice the technique of killing competition; and they will charge monopoly prices.<sup>20</sup>

Moreover, a critique of that radical difference, in normative terms, reveals “a deeper malady”<sup>21</sup>:

[People] are unequal in ability and in opportunity. Accordingly, if the productive processes are to yield their maximum of human satisfactions, then it is necessary that the less fortunate be able to

---

<sup>18</sup> Lonergan, *For a New Political Economy*, 21:92.

<sup>19</sup> Timur Ergen and Sebastian Kohl, “Rival Views of Economic Competition,” *Socio-Economic Review* 20, no. 3 (July 1, 2022): 938, <https://doi.org/10.1093/ser/mwaa041>.

<sup>20</sup> Lonergan, *For a New Political Economy*, 21:52.

<sup>21</sup> Lonergan, *For a New Political Economy*, 21:36.



demand more than they can supply, while the more fortunate supply more than they demand. ... But the delicate balancing of supply and demand necessarily limits each successive group of less fortunate [people] to the lower standard of living that their abilities and opportunities can command in the market.

Against this artificial nemesis humanity's idealism revolts. A rigidly egalitarian system belongs to a perfectly egalitarian world; a world in which [the vast majority of people who] are, in fact, unequal must find a different system. What system?<sup>22</sup>

Despite their presumed status as principles of economic practice, competition and maximization of profit have no basis in how an economy works. In fact, they do not even regard economic process per se but consist, rather, in advisories for how to conduct business and finance.

Furthermore, they ignore, among other things, the fact that an economy has two types of production and intrinsic norms and criteria; and that if they are not met, then economic problems follow. Collectively, the two principles owe their currency to philosophical reflections originated by Machiavelli and adopted by the tradition.

Consequently, their normalization in the traditions of both economic thought and practice has exposed economic process to predatory behaviour.<sup>23</sup> In particular, they have directly contributed to the historical dominance of the "ring" of global corporations and oligarchies on the world's economies. With no regard to their intrinsic norms and criteria, let alone the welfare of communities, the corporate and oligarchic ethos, with its cynical ruthlessness and cunning, is massively destructive of the proper functioning of the world's exchange economies<sup>24,25</sup>

---

<sup>22</sup> Lonergan, *For a New Political Economy*, 21:36.

<sup>23</sup> For details on various abusive practices see, for example, John Benton and Terrance Quinn, "Question 20: What Light Does Two-Flow Economics Shed on the Law of Supply and Demand?" (Bent on Futurology, 2024), <https://bentonfutures.com/frequently-asked-questions/>.

<sup>24</sup> John Benton and Terrance Quinn, "Financial Abuse Impacting Economic Process" (Bent on Futurology, August 13, 2024), <https://bentonfutures.com/wp-content/uploads/2025/01/Financial-Abuse-Impacting-Two-flow-Economic-Process.pdf>.

<sup>25</sup> In fact, "unlike private property, exchange relations and social inequalities, economic competition has rarely been the explicit core of moral debates over capitalism" Ergen and Kohl, "Rival Views of Economic Competition," 937.

## What can be done?

As Lonergan points out, we “must find a different system. What system?”<sup>26</sup> The “system” needed, of course, is not a system such as defined in contemporary systems theories. It will be, rather, a matter of working out

*[w]ho among millions of persons, does what, among millions of tasks, in return for which, among millions of rewards,”*<sup>27</sup>

effectively guided by a two-flow heuristics of economic process.

A central task, then, is to acquire an adequate understanding of the two-flow productive process in modern contexts. But that is only part of the problem. Brief pointings to additional heuristics needed to collaboratively manage these complex issues have also been conveyed in “Economics Actually for Ecological Economics.”<sup>28</sup>

In other words, a methodological foundation exists. Public attention must be drawn to this fact. What needs to be vigorously resonant within every community—in villages, towns, and cities everywhere—is to encourage dissemination of this fact in our universities, so that future economists and scholars will be prepared to secure a livable, dignified life for future generations. Our academic communities will then be fit to overcome, among so many other exigencies, the propensity to force upon the public an economy of scarcity by making competition and maximization of profit criteria of satisfactory enterprise.

It is also clear that, without a serious and long-term commitment to that methodological effort,

establishment economics and gamesters of finance will continue to feast on our hearts.<sup>29</sup>

---

<sup>26</sup> Lonergan, *For a New Political Economy*, 21:36.

<sup>27</sup> Lonergan, *For a New Political Economy*, 21:35.

<sup>28</sup> Quinn and Benton, “Economics Actually for Ecological Economics,” sec. 5.

<sup>29</sup> Philip McShane, “Letter to the Editor: Income Riots” (Academia.edu, 2011), [https://www.academia.edu/23576045/Letter\\_to\\_the\\_Editor\\_Income\\_Riots](https://www.academia.edu/23576045/Letter_to_the_Editor_Income_Riots). The source file was dated October 28, 2011. Intended for wide circulation, it was part of a larger document written after the riots of Occupy Wall Street, New York, September 2011.