

**THE JOURNAL OF PRIVATE ENTERPRISE**

**VOLUME X      NUMBER 2**

**SPRING 1995**

Published by

**THE ASSOCIATION OF PRIVATE ENTERPRISE EDUCATION**

Trinity College

Hartford, Connecticut 06106

and

University of Tennessee at Chattanooga

615 McCallie Avenue

Chattanooga, Tennessee 37304

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ISSN 0890-913X

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## SEARCHING FOR ENTREPRENEURIAL CONSUMERS

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Do consumers compete and hence are they entrepreneurial? I see producers attempt to outdo, outprice, outproduce, and outmaneuver each other. So there is rivalry among producers, no doubt about that. But what about rivalry among consumers? I see fellow - not rival - consumers. Rivalry among consumers seems to have disappeared from the economic scene. In older days, consumers bid against each other for limited supplies. In today's mass-markets, however, I never get the feeling that I bid up the price of a limited supply. The bidding up of prices is confined to often only once-in-a-lifetime, buying a house or an antique at an auction.

In this paper I investigate if my feeling on that competition exists only among producers is correct. Can it be theoretically or historically proved?

Perhaps the most important characteristic of mainstream neo-classical economics that could explain the absence of entrepreneurial consumers is consumer sovereignty. Consumers are supposed to be sovereign kings elevated above all down-to-earth competition. This perspective opens up new reasons for the absence of entrepreneurship, too. Our society, says Lester Thurow, is no longer consumer but producer driven. Or, if it isn't because we live in a consumer or a producer society, we live, says Alvin Toffler, in a prosumer society: the reintegration of the consumer into production.

What is the answer of neo-classical theory per se to my problem? It gives competition, first, as a market structure and, second, as a form of behavior. The structure is the model of perfect competition. Though nearly always explained in the case of the producer, the consumer applies also. And, because the conditions are hard to fulfill for the producer, the consumer might be a better candidate. The mainstream theory of competitive behavior is what Adam Smith already taught us. Competition among consumers is as likely as among producers. But are the historical reasons for the

absence of competition among consumers convincing? My question whether consumers compete was based on the idea of competition as entrepreneurship. Neo-classical theory says little on that point. As a market structure it is completely out of touch with active rivalry. As competitive behavior, historically, there was always the idea of an auctioneer. He who does the actual job.

Maybe the answer is to look for a theory that describes competition explicitly as a process of rivalry. The neo-Austrians do exactly that. They describe the market as a dynamic competitive-entrepreneurial discovery process. People do make mistakes, but are also alert to correct them. In practice, the neo-Austrians ascribe entrepreneurship solely to the producer. The consumer, however, is erring too. He, too, looks over his shoulder to what other consumers are doing. This rivalrous process of discovery and adjustment may encompass explicitly rivalrous behavior in the usual sense and it may also include various degrees of cooperation. For the consumer, free entry seems to be the key for the existence of entrepreneurship. See, for instance, the difference in the speed of the market process in countries where free entry is small or large: the caste society in India vs. the open society in the West.

The equilibrating process that results from competing consumers gives a new perspective on trends and consumer policy. From the neo-classical perspective, trends are simply new goods. From the neo-Austrian perspective, however, they are the expression of entrepreneurship. Neo-Austrian economics doesn't try, as neo-classical economics does, to explain the decisions consumers make. Instead, it tries to explain how a rivalrous market process works.

To conclude, I started with the question do consumers compete? From a neo-classical point of view, neither the market structure nor the behavior point of view gives historical support to it. The neo-Austrian point of view proved to be more fruitful. Though it, too, minimizes the role of entrepreneurship among consumers, at least in theory it has a role for it. In this paper that role was described more clearly and historically illustrated. If markets do work, and we have history to prove it, consumers behave entrepreneurially.