



HWA CHONG INSTITUTION
JC2 Preliminary Exam
Higher 1

**CANDIDATE
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General Paper

8807/02

Paper 2

1 September 2014

1 hour 30 minutes

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INSTRUCTIONS TO CANDIDATES

This Insert contains the passage for Paper 2.

Margaret Heffernan considers the effects of competition on modern society.

- 1 The cure for failing banks? Advocate more competition. Need to improve education? Urge more competition between students, between teachers, between schools. The solution to fuel shortages? Rely on cut-throat competition between the energy companies. From TV talent contests and school rankings to the Olympics and rich lists, our religious faith in competition has promised fabulous efficiencies, miraculous economies and dazzling innovation. But competition frequently fails to deliver its theoretical promises. Instead we find ourselves gasping for air in a sea of corruption, dysfunction, environmental degradation, waste and inequality. Might there be a connection? 5
- 2 Classic economic theory may argue that competition is productive because it generates a diverse range of goods and services that benefit consumers and, by extension, society – but in many instances it does far more harm than good. The costs of competition in business are sometimes obvious – fraud, corruption, sabotage – but many are more oblique. The measure of a company's success (or the status of its CEO) is size, and growth is routinely pursued with myopic, reckless and often disproportionate strategies. This is what the legal scholar Lynn Stout calls 'fishing with dynamite'. Supersizing companies always comes at a cost. The quickest way to grow is through multiple mergers and aggressive acquisitions, old headline-grabbing favourites of high-profile CEOs, even though research shows a failure rate of anywhere between 40 and 80 per cent. This relentless quest for scale delivers huge risk. Unfortunately, competitive instincts don't stop until they fail. 10
- 3 Competition for market share is usually pursued by lowering prices. This race to the bottom might look great to consumers – dresses for £5, cashmere jumpers for £40 – but the costs have to go somewhere and usually they are pushed down to the most vulnerable. Whether you're making clothes, fast food or cheap books, competing purely on price drives down labour costs, producing an increasingly exploited, disempowered and pauperised workforce. Such phenomena are conveniently 'explained' in the jargon of mainstream economists as 'perverse outcomes', but they are, in fact, entirely inevitable and natural consequences of competition. If we place our faith in it, we shouldn't be surprised by such pernicious effects. After all, if my win is secured at the cost of your failure, what connects us? In a society that believes in winner-takes-all, how can competition fail to further unravel our social fabric? 20
- 4 Within organisations, competition for permanent jobs, bonuses and promotion produces a culture of fear. The system is a crude form of social Darwinism, inspired by the hope that a need to survive will promote greater efficiency. In fact, it has just the opposite effect: people sabotage each other, appearing to be co-operative while keeping back just enough information so that colleague-competitors can't excel. Not only does such a system erode trust, but it also cannot possibly deliver the innovation managers need because it specifically disables collaboration. If I'm being judged in comparison with my peers, why would I help them? 25
- 5 The fact that current executives are the products of ruthlessly competitive education systems only exacerbates the problem: they bring with them a lifetime of being trained to viciously compete for class rankings, prizes and places. In the United States, where class rankings are still common, parents advise their children not to lend a hand to others, on the grounds that doing so may jeopardise their chance of securing the top spot. In the UK, primary school teachers now observe 'competitive friending': parents' attempts to ensure that their children select the right companions to enable future acceptance in the most prestigious social networks. In both the UK and the US, the emphasis on competition and ranking encapsulates the same message: everyone is a potential threat. This does little to teach the subtle habits of collaboration but much to exclusively focus every child's mind on results. If grades are all that matter, does it matter how you get them? Little wonder that in higher education the past decade has brought an explosion in plagiarism and even the use of proscribed drugs to enhance exam performance. 35 40 45

- 6 In the world of science, a well-honed competitive mindset has produced a culture in which the open exchange of ideas, data and theories has virtually evaporated. Science is a necessarily accretive process but from Harvard and Washington to London and Berlin, fame-hungry scientists wanting to be superstars keep tight-lipped about any breakthroughs they make. Intensive rivalry and the fear of being scooped stop them from pitching in. 50
- 7 Kudos for a scientist is measured in publications, citations and research awards – and as the competition for both has intensified, so have fraud, plagiarism and what scientists euphemistically call ‘normal misbehaviour’: sabotage, data spinning, culling, and fabrication. There is also a growing concern over the increasing numbers of scientific papers that have to be retracted because they are rushed into print too fast, with inaccurate, incomplete or specious data. Retractions of scientific papers have increased tenfold – and most scientists believe this represents the tip of the iceberg. The cost of this is inestimable; flawed papers lead researchers down dead ends and deflect others from promising avenues. 55
- 8 Competition enlivens routine with drama, but when the stakes are high, so are the costs. The ubiquitous metaphor of our age – sport – demonstrates how destructive competition is when it comes to playing for the big prizes and huge rewards that professional athletes now pursue. Travis Tygart, the head of the US Anti-Doping Agency, and the man famed for bringing down Lance Armstrong, has long agonised over the increasing rates of doping and corruption that characterise elite sport. His research revealed that although some people said they still valued sport for the lessons it could conceivably teach: fair play, collaboration, integrity, and discipline, the vast majority believed that all that really mattered was winning: ‘In a climate in which corporate executives falsify financial records, citizens evade taxes and professional athletes commit felonies, cheating and unethical behaviour appear to pay off.’ Tygart’s research concludes: ‘Is our nation well served by a citizenry that learns to prize winning and extrinsic rewards at any cost as the values they hold most dear?’ 60 65 70
- 9 It’s a recurring question. How can we create schools, companies and communities characterised less by competition and driven instead by an intrinsic passion for innovation, problem-solving and collaboration? Crowdsourcing companies – Kickstarter, Airbnb, and many more – start from the premise that it is pooling, not hoarding resources, that creates opportunity. Typically, these businesses are celebrated for their technology, but their true daring resides in their reliance on the human desire to work together. More conventional businesses have also proved successful and resilient because they focus intently on building social capital – trust, reciprocity and shared values – both within the company and with all the other businesses they work with. This isn’t marginal; it is central to everything they do. 75
- 10 If we are to find new ways to live and work together, we need to develop and prize high levels of trust and give-and-take: elements that competition invidiously corrodes. We need to celebrate the individuals and institutions that produce the greatest opportunities for the largest number of contributors as well as nurture a work environment in which people eagerly share expertise and where hierarchy and status contests are of negligible importance. Many companies around the world continue to prove the human capacity for this way of working and measuring collective success. Yet many politicians, wedded to gladiatorial combat and the rankings mania of opinion polls, have signally lost the capacity to think beyond the narrow confines of a very short race. In the looming face-off between business, governments and society, a competitive mindset can frame the contest, but accepting this could destroy the mental maps that might show the way towards a solution. The problem is a failure not of the imagination, but of moral courage: the willingness to relinquish individual fantasies of winning in exchange for the bigger prize of joint achievement and shared progress. 80 85 90

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