

The competitive process as an exploration of the unknown

At the end of the XVIII century, with the emergence of the bourgeois class, a surging wave of modernity led to the creation of a new company, which is associated with the figure of the entrepreneur. The one who coined the term “entrepreneur” was Cantillon, a known Irish philosopher and economist, (new major economic player is of French origin). France, during this period was facing pre-revolutionary turmoil that pumped a wave whose result will lead to transit from the "closed society" to the "open society".

Through the market, an innovative mindset will soon be created. This era marks the birth of a new brave figure, who breaks with the traditional old established order, by building voluntary cooperation based companies.

Hayek, in his studies, recognizes these ancient traditions in the use of the term, and he started to believe in the origin of the the Spanish Catholic economic analysis since the fifties, thanks to the influence of Bruno Leoni, well known Italian jurist. Leoni showed to the Austrian economist that most of the literary tradition was heavily influenced by the contribution of the Greeks, Romans and St. Thomas, and not by the Scottish philosophers of the eighteenth century.

Before getting to Cantillon, substantial and numerous studies were carried out by several authors in the economic sphere, therefore, we can state that there are strong evidences proving the birth of economic thought, and especially the business thought in Spain, home of great economists, which lead the way to the theories used today.

The Latin economic tradition started a line of study that is recognized as "Austrian School".

It is therefore the historical relations established between Spain and Austria that the connection and the influence that the first school had on the second one can be understood. The Austrian School, is characterized by realism and rigor of its analytical assumptions. A School that nurtures a keen interest in the entrepreneurial figure and based on his purely individualistic theories, in conflict

with the neoclassical paradigm, that explain what and how the figure has had an impact on society.

For scholars of the Austrian School the entrepreneurial function coincides with human action, then, one could say that all individuals who act to amend this and realize future objectives play an enterprise. A very broad definition, that remains in agreement with the original meaning of the term. It is useful to look at the various synonyms in the European languages: *impresa* in Italian, *empresa* in Spanish, *entrepreneur* in English and French, and reconnect to the etymology of the word, in *prehendo* in Latin, to recognize that this term contains the meanings of "to discover, see, perceive", all of which connect to the term "action". On the other hand, when the Austrians speak of "action" they recognize it as a proactive force, which tends continually to discover, see, perceive new means to achieve certain ends.

On the one hand, to discover, see, perceive new ends and means presupposes an openness that brings the subject to modify the initial knowledge with new information not previously possessed. On the other hand, this discovery changes the framework of information or knowledge that he possesses.

Each entrepreneurial act involves the creation of new information or knowledge. Anyone who is aware of the existence of a chance, creates in his mind information or knowledge that is not possessed before. This information will be transmitted in the market.

The entrepreneurial function is, by definition, competitive. This means that from the moment a plaintiff seeks to gain on information discovered by him, other individuals can not take advantage of the same knowledge. In case, however, the opportunity to gain has been discovered and it has only partially been exploited, new actors may intervene in the case in which they ended up discovering it. It is a process that is never exhausted because every business action creates and distributes knowledge, continually transforming reality and causing constant imbalances could be resolved by a new creative process and restarting, then, a vicious cycle which, if not from the outside, is difficult to stop.

When the individual acts, he wants to achieve a certain aim through a variety of means which he considers appropriate for the pursuit. In this sense, the means become part of the scenery of which we have so far talked about, more specifically, the concepts of value and utility.

The “means” are scarce by definition, because if they were not, depending on the goal to be reached, their use would not even be taken in consideration. Aims and means are therefore not "data", but consist of the ability of the entrepreneur to be able to create or discover the most suitable means and ends, in every circumstance of his life. When the actor decides to an end, he calculates the necessary means, in order to be able to achieve them by formulating a "plan" to be implemented in a certain period of "time".

Thus, the time factor becomes an essential element in the business action, which, in most cases, he will prefer to achieve its objectives as soon as possible.

The intermediate stages that the entrepreneur will have to overcome are referred to as 'capital goods'. In each of them he will realize the production process. This means that the actor will be able to create a new process each time he will give up after fulfilling a need.

As it is well known, at an equal value, individuals prefer a good that is present rather than future. As a result of cunning business, the company will form a "market price" of present goods in relation to future ones. The difference between the price of the present and the future price of the good will be the "interest rate".

Therefore, the distance between the actor and the achievement of its purpose consists of stages, achievable over a period of medium or long term. It does not seem risky, therefore, to say that the greater the time taken to achieve a particular goal will be, the more value the actor will give to it and that will be the same value he will receive.

A great exponent of the most important Austrian School, Ludwig von Mises, overturned what in the early thirties had become the economic theory *par excellence*, the "neoclassical."

The Neoclassicals based their studies on economic models that were supposed to represent reality. It was a great discovery to know that you would be able to mathematically represent a historical period and what happened in that particular period. It is very important and of great use to build models that can be applied in all cases. No less important is the idea that we would be talking of a revolution that changes the way of studying the world. In fact, according to the Austrians, it comes to static models, which do not change with the changing of the phenomena that exist in a given period of time and do not take account of the development and innovation that will be created by the action business.

According to the Austrian School of Neoclassical the mistake is to think that the "game theory" is the only way to describe the process of the market. The Game theory studies situations of conflict, seeking cooperative solutions through competitive models. Mathematical models to emulate human behavior, in which, however, innovation, intelligence, creativity, the same play no role, or are totally absent, they lose credibility and go to suppress the existence of the entrepreneur. This is a notion that conflicts with the Austrian theory, which focuses on the entrepreneur as an element that animates the market. In game theory, this element is not present; the theory of general equilibrium there is not really needed. If it was possible to achieve economic theories imagining that the ability to identify solutions through innovative strategies do not play any role, then it would drop a whole system of rules on which the economic system today is built. In this sense, the importance attached to the neoclassical theory could be defined against cultural and unintelligent, a bastion of *benaltrismo* and an ax against modern capitalist society.

Mises applied this concept very well to the dynamics of the market in new unexplored areas, creating a complete and accurate theory of entrepreneurship and especially giving the theoretical input for the rebirth of the school.

The fundamental principle that drives the entrepreneurial action thus finds its genesis in the "creative capacity". The entrepreneur not only seeks to create conjectures or new information with respect to its objectives, but is also the key to understanding the spontaneous propensity coordinator who was born in the free market and continues until the state should intervene to dictate the limits.

From the analysis of Mises it is easily deduced that for the neoclassicals, within an equilibrium model are available all the information regarding the historical period of. For Mises the Neoclassicals are in error, if any lack of human creativity would arise, then there would be a problem of freedom, as in socialism. The lack of information in order to coordinate the company by the individual actors shared by neoclassical, gives life to a wrong "economic calculation".

Mises in this sense fails to establish a connection between the "subjective world of the individual assessments" and the "outside world assessments of market prices", established in monetary units. The connection is only possible in the case where it can be exchanged through a price that depicts really good. Information that later, the entrepreneur is going to be able to use as valid, for the purpose of economic calculation.

Here emerges the figure of the "Innovator", who is able to break with the status quo to create something new; reason why the destruction is creative. So innovation is creator, on the one hand, but on the other, it is destructive, because the new idea must destroy old the old idea that is on the market. What do we mean by *new idea*? How to become an innovative entrepreneur? To gain a space in the market, it is necessary to have a new idea, creative and at the same time destroying the status quo, but new in what sense? A new idea is so if it meets a new need, offering the market something that is not there. Or a new productive factor (think the textile industry with the invention of acrylic materials which do not crease), or a new technique that allows for example to lower the production costs. So the entrepreneur is an innovator when he is able to enter into the market something that can meet the expectations of the consumers.

Sociologically, the Schumpeterian entrepreneur is the innovating subject, who has the ability and readiness to pick up the signals of the market, through new and "brilliant" ideas. He goes on saying that each one could be the bearer of a new idea and then entrepreneur. He says, therefore, that being an entrepreneur and the entrepreneurial class do not necessarily coincide with the high aristocracy, as Weber and Sombart thought. They identified the entrepreneurial spirit with the bourgeois spirit. This capacity for innovation and development is not in the hands of a particular class, nor aristocracy, nor, even less, to the bourgeoisie. The ability to innovate and make a turn can come from any social class and the individual who has provided leadership skills and knows how to pick up the signals of the market, aggregate consents and economic resources. He emphasizes, therefore, also the economic traits of the entrepreneurial figure, and he realizes that being an entrepreneur in 1700, when the capitalism was born, meant to be one that had accumulated capital. In contrast, in the society of his time, this would not be enough.

Funds are not enough for the entrepreneur; he must have certain characteristics and capabilities. He highlights that, compared to the figure of the entrepreneur of Weber and Sombart, it is no longer the captain of industry who cumulated ownership and management of the means to break with the past. Now an entrepreneur must possess innovative energy to break the market. He also knows that the times of the origins of capitalism, the figure of the owner of the factory is now distinct from the person who manages the factory. With regard to the technicals mentioned by Veblen, on which the same had a lot of confidence on, Schumpeter has very little expectations on.

Schumpeter has a romantic vision of the entrepreneur. It is not the technical to give birth to the idea, source of development. However, while distrusting technicians, bureaucrats, managers, he becomes aware of the fact that, in the society that it refers to, the entrepreneur is a figure that is difficult to spot, especially since the spirit, which had given birth to capitalism, has been lost.

Who is the individual who competes in the market?

They are Individuals that are able to meet the challenges of the market and know how to sell their products at higher prices compared to their value. Therefore whoever is smart enough to put into practice this trick can be called "entrepreneur."

The entrepreneur, through his intuition, will produce an exchange of information that in fact, unbalanced situation in which the individual plans do not coincide, will lead to the coordination of actions.

The entrepreneurial figure can be summarized by the formula by Popper: "problems-theories-criticism" because the entrepreneur identifies a problem, proposes solutions and finally adapts to the criticisms of consumers who will accept or reject the proposal.

All of this is possible since we establish a "state of law" that regulates the capitalist activity. Entrepreneurial activity can arise in the light of a regulatory framework that governs the mutual exchange within the market.

From the study of the entrepreneurial figure, two concurring aspects are clear, and at the same time they are in conflict with each other. On the one hand there is the tradition, a privileged class who do not want to break with the past, but that will be hit by a wave of renewal that leads the continent to continuous innovations, discoveries, improvements. On the other hand, however, the propensity to change makes the first steps; new personalities that emerge due to their enterprising spirit embody the renewal of man in search of better conditions in which to live.

Two key issues in the study of a figure that maybe still is underestimated, but it is the opinion of many is the deus ex machina that has dragged the world development. A cultured man, forward-looking and very open to change, often a precursor of change, the entrepreneur, with his spirit elastic, flexible, gets an unimaginable success, from trade to industrial production, agriculture, financial assets, technological and scientific progress. A key element of its success is definitely the variety of initiatives carried out.

A particular shape, thanks to his charisma that brings out the best in every activity it undertakes. He exits out of the box and preconceptions of ancient man and, while operating in adverse conditions, thanks to its elasticity mental breaks the status quo, becoming a symbol and model of the open society. The commitment, stubbornness, the ease shown in moving in all fields of society, the ability to weave lasting relationships with any person comes in contact with him, but wanted to determine the unexpected success of a man who above all today is the beating heart economy.

This entrepreneurial attitude will be the preface of a slow but unstoppable success, not only economic and financial, but also ideal. A new culture takes the world and the contractor, which ignites curiosity, arouses interest, stimulates critical thinking, becomes the central figure of a radical change, which affects the whole world.