

01-04-99 Competition or Cooperation, Which Works Better?

You may not have heard of Linux yet, unless you have a lot of interest in things related to computers, but perhaps you should take a look. Not because Linux is a wonderful operation system for computers, which it reportedly is, rather because it is a kind of “open source software” which challenges the conventions of the free-market mentality.

In the beginning there was a graduate student in Finland named Linus Torvalds who in 1991 created his own computer operating system, the software that runs computers and small networks of computers – like Microsoft’s Windows NT. But Linus did things a bit differently than Microsoft’s Bill Gates. Where Bill does what he does for money, Linus did it for the love of computers and creativity. So Linus gave away his program on the sole condition that anyone could copy it, use, and even make changes to it as long as they shared their changes.

To make software free and freely adaptable Linus included what is called the “source code” for the program. The source code is like the programmer’s instructions. So anyone who can read the instructions – which many computer enthusiasts as well as software engineers can – then they can not only have a copy of Linux but even make it a bit better along the way.

“Open source software” is not really owned. No one has any rights to it, they can use it and copy it and make it better, and even their improvements are not owned by anyone. This means no one makes money off the program, although some people make money by selling their services in helping other people use it – support they call it. But support is different from software, although many software companies include support in the cost of the software.

People like Bill said that Linux would be a flop because no one could make a profit from it. These people said that programmers would ignore it for a lack of profit motive. They think that the world can only run on money and that everyone does everything they do because of greed. And this may be partly true, the structure of the economy is based on greed and so greed is an important component of what happens in the world today.

However, as the years went along more and more people took an interest in Linux and even added in their own creativity to the mix. The result took the greedy people by surprise. In an internal memo written in August 1998 and leaked to the outside world on Halloween (now known as the Halloween memo) Microsoft agents observed that Linux was, “a direct, short-term revenue and platform threat.” Which means that Microsoft has noticed that people are using Linux for free instead of paying for Windows NT. In fact there have been as many at least half million copies of Linux shipped in 1998 compared with 1.2 million copies of Windows NT. That’s half a million sales that Microsoft could have made but didn’t.

Most interestingly, according to the Halloween memo, “The ability of the [open source] process to collect and harness the collective IQ of thousands of individuals across the

Internet is simply amazing.” As a result, in consumer satisfaction reports Linux actually does as well or better than Microsoft NT does (depending on the particular feature being judged).

The point here is not about operating systems per se, rather there is an interesting lesson in what Linus Torvalds was able to create using mechanisms of cooperation instead of competition. The free creativity of human beings, facilitated by the interconnectedness of the Internet in this case, has generated a world-class product with no ownership interest or profit-motive. People have come together to create Linux through the spirit of cooperation and creation. And in so doing they dramatically proved yet again that greed is not a superior motivating factor for productivity in an economy.