

Creation of Effective Market Competition as Basis for Economic Advance

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Abstract- Protecting competition law is the protection of competition from all phenomena that may impair it. From the point of view of economic theory, the distortion of competition can be defined as any activity that results in a decrease in competitive pressure, thereby reducing economic efficiency. Effective protection of competition in the market implies the existence of a strong institutional mechanism to prevent distortions of competition in the market from all forms that prevent, prevent or eliminate it, with the aim of protecting and promoting social well-being.

The basic objectives of competition protection are: Achieving greater efficiency (static, dynamic, allocative, productive), protecting consumer rights, including consumer choice, preventing artificial constraints that restrict competition, increasing social well-being, ie. the common good. The object of protection of competition is its freedom, ie. freedom of competition. The protection of freedom of competition focuses on four main elements:

- Prohibition of agreements or practices that restrict free trade and competition between businesses. (This particularly includes the suppression of cartel-induced free trade.)
- Prohibition of abusive behavior on the part of the market-dominated enterprise, ie prohibition of conduct undertaken to gain a dominant position. (Predatory pricing, tying, etc.)
- Supervision of the concentration of capital (monitoring mergers, acquisitions of large corporations, joint ventures).
- Supervision of the granting of state aid.

We can conclude that today trade may be freer than it was in the XX century. It may be more free than ever, but far from being completely free, despite the fact that several waves of liberalization have taken place in and outside the GATT (General Agreement on Tariffs and Trade) and the WTO in recent decades.

Index Terms- free market, competition, competition protection

I. INTRODUCTION

Development of free market competition requires a properly defined and coordinated economic policy. First of all antitrust policy. "Antitrust policy is an economic policy that enables survival and promotion of competition in the market. Competition is a prerequisite for the successful functioning of the free market. Without competition there is no market coercion, and

therefore outcome of market competition is not maximizing of society economic well-being. The sole aim of antitrust policy should be to maximize economic efficiency, and thus maximize consumer economic well-being.

Developing competition in the market also requires assistance in the field of tax policy. Tax policy techniques and instruments (eg tax exemptions, tax breaks, etc.) can be given impetus for new competitors to enter the market (In this case, however, caution should be exercised in order not to discriminate against existing businesses.) In order to develop competition in the market, existing and potential market participants must feel safe enough, that is, they must trust the institutions and the judicial system. Another condition that must exist, and perhaps most importantly, that all of the foregoing was purposeful and functioned in a manner to maximize efficiency and overall social well-being is to eliminate corruption.

One of the ways in which the problem of corruption can be solved is to build awareness about the importance of competition, that is, the harmfulness of corruption for social well-being. Of course, this is no easy task.

II. PROTECTION OF COMPETITION IN THE MARKET

Why competition is good and why it is necessary to protect it? There are several reasons why free market competition contributes to social well-being and they are not purely economic.

Competition in the market increases efficiency. The competition, that is, the competitive pressure it creates, makes businesses better than they are and leads to the production of what customers want to buy and in the amount needed, thereby achieving allocative efficiency. It provides consumers with a better and greater choice of better quality products at lower prices.

Competition enables production efficiency by ensuring that production is carried out at the lowest possible cost per unit of product. It contributes to technological development, encourages creativity, influences product improvement and production process improvements.

Competition performs an extremely important selective function that separates successful from unsuccessful businesses. Protecting competition does not mean protecting unsuccessful competitors. Inefficient competitors should fail. It should be seen as protecting society from inefficiency.

Healthy market competition, or, free competition, therefore, makes one society richer and thus affects the overall reduction of poverty. It creates the conditions for the proper redistribution of wealth and for the reduction of social inequality. A rich society has the conditions to be a humane society. A society that does not

have sufficient financial resources cannot even effectively carry out its social function and care for its most vulnerable members. Also, a richer society can afford to devote resources to improving the education system, building hospitals and creating an effective social protection system. The financial resources earmarked for meeting these goals are not a cost but an investment in the future.

A market where there is no free competition is a source of wealth for wealthy monopolists, at the expense of those who have the least. Furthermore, a richer society can allocate more resources for its protection against potential acts of military aggression, so we can say that it is in some way due to the existence of free market competition and a safer society.

Thus, the protection of competition in the market is subject to the freedom of competition, and its importance is multiple. It benefits both producers and consumers and the economy and society at large.

III. CLASSIFICATION OF COMPETITION PROTECTION IN THE MARKET

It can be seen that the issue of protecting competition in the market is of paramount importance for many reasons. The idea of protecting competition is thousands of years old. As it has evolved, so have the mechanisms and instruments that ensure that competition serves its purpose, which is the common good and the advancement of social well-being. There are numerous forms of competition protection on the market, which is a logical consequence of the fact that there are numerous forms of competition. With modern integration processes, and especially as a result of the process of globalization and creation of huge multinational companies, there has been a greater need for international cooperation of countries, organizations and markets in the field of competition in the market, in order to eliminate and prevent sources of threatening competition.

When we talk about existing forms of competition protection in the market, we need to know that there are more and that their classification is possible according to different criteria. If the fact that protection is achieved by the direct application of regulations directly affecting sources of threat, or indirectly by creating a business environment and defining other objectives whose realization includes protection from competition, is taken as a criterion for classification, it is possible to distinguish:

1. Direct Protection (The protection is achieved by passing special laws, for example. eg competition law, consumer law, ratified international treaties, etc.); and
2. Indirect protection (Protection that is achieved by defining the objectives of economic policy, (eg antitrust, foreign trade liberalization policy), membership in international organizations, etc.).

If we take as a criterion for division whether competition protection takes place at national or supranational level, we can distinguish:

1. National (domestic) competition protection (National Courts, National Commission for the Protection of Competition Law, National Chamber of Commerce, National Consumer Associations, etc.) and

2. International competition protection (International Court of Justice, Permanent Court of Arbitration in The Hague, EU Court of Justice, Arbitration Tribunal of the International Chamber of Commerce, etc.).

If the criterion for the division of forms of competition protection we take the type of procedure in which protection is exercised, the following is observed as a differentiation:

1. Criminal legal protection (legal protection provided in criminal proceedings),
2. Civil legal protection (legal protection provided in civil proceedings),
3. Administrative legal protection (legal protection exercised in an administrative procedure) and,
4. Protection provided from the Courts of Honor (legal protection granted in a special proceeding before the Court of Honor).

The classification criterion may also be the type of protection body in which case we can distinguish:

1. Judicial protection (The protection is provided by the courts) and
2. Administrative protection (Protection is provided by an administrative body, eg the Commission).

IV. HEALTHY COMPETITION AND STATE LAWS

Viewed in the context of international trade, the objective of competition law is to prevent restrictive business practices of economic operators (market participants) that significantly prevent, restrict and disrupt free competition in the international market, resulting in the annulment or significant impairment of liberalization efforts.

Every country wants to establish a healthy market competition in its economy, that is, to give all companies the same opportunity for business and development. The establishment of such a system requires the state to take direct or indirect measures aimed at protecting competition and preventing the emergence of monopolies, oligopolies, duopolies, cartels and other market structures that restrict or may restrict and impede free competition. This is one of the main ways to protect both domestic and foreign companies from abuse by dominant companies in the market. Achieving these goals is done by defining and implementing appropriate competition policy as an important segment of the state development policy. The task of the state with the purpose of competition policy is to prevent and sanction all activities of economic entities and the state that aim to restrict, threaten, or restrict competition in the relevant market.

Companies are developing best and increasing their competitiveness in the conditions of strong market competition, which constantly compels them to improve all aspects of business and to better meet existing and create new consumer needs in a better and more efficient way. In order to survive in global competition, businesses must achieve the necessary level of competitiveness. This is possible only if the competitive pressure in the domestic market is strong enough and there is no abuse of market power by large companies.

In establishing competition policy, the state seeks to define and apply the most comprehensive measures between the various objectives promoting effective competition and the economic efficiency of market participants. The main objective of competition policy is to provide all companies with the same degree of freedom and equal chance of success in the market.

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