

**PRE-UNCTAD X SEMINAR ON THE ROLE OF COMPETITION POLICY FOR DEVELOPMENT
IN GLOBALIZING WORLD MARKETS**

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**Regulatory Reform, Demonopolisation, and Privatisation:
how to ensure consistency with competition.**

Introduction

I am pleased to attend this important seminar on the role of competition policy for development in globalising world markets. In December 1996, when speaking to the first Ministerial conference of the World Trade Organisation in Singapore, OECD Secretary General Donald Johnson stated that “This is the dawn of the age of globalisation, and when historians tell of it, let us make sure that it is a good story.” The Secretary General hoped that historians would be able to describe “how the prosperity of the developed world was sustained through the evolution of the global market and how, in turn, economic growth was firmly established in the developing world through the transfer of capital, technology, and know-how combined with unfettered access for [developing countries’] goods and services to the markets of the developed world.” He also hoped that this would be seen as the time when “the widening gap between the rich and the poor in the world community was arrested and then began to narrow.”

I am not an historian, and it is too early to tell what future historians will say, but it is a good time to discuss the role of competition policy in bringing about the Secretary General’s vision. Since the Singapore meeting, the financial crisis that hit Asia and other countries has made us all more aware of the extent to which globalisation has magnified the interdependence of the world’s economies. In such a world, the OECD and its Member countries must co-operate more closely than ever with countries around the world. Indeed, a few weeks ago for the first time, our annual Ministerial meeting in Paris included a special dialogue with non-Member countries. Although competition policy was not a separate agenda item in that dialogue, we are becoming more and more aware that competition policy is central to countries’ efforts to promote structural reform. As Indian Foreign Minister Singh said, the debate over the role of the state is over: it is to support the creative, entrepreneurial capacities of the people. The question is whether the institutions are capable of addressing today’s challenges. In my view, competition law and policy are an important part of the institutional and regulatory framework that can help countries ensure that they are indeed capable of addressing these challenges.

The timing of this UNCTAD seminar is also good because many of these challenges were studied at an OECD/World Bank International Conference on Competition Policy and Economic Adjustment in Bangkok, on 27-28 May. That conference focused primarily on Asia but it also included experts from many other developing countries. It will take us time to put together the two publications from that conference, but I am pleased to be able to offer you an advance look at some of the discussions.

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The heart of my message to you today is that the most important thing a country can do to assure the pro-competitive potential of its economy and its regulatory regime is to have a sound competition law, enforced by a strong competition authority. I hope my remarks will make it clear why I believe that to be the case.

The Roles of Competition Policy, Regulatory Reform, Demonopolisation, and Privatisation

No one here needs an historian to tell that the last decade has seen increased emphasis on competition law and policy in both OECD Member countries and in other countries, including those that are in transition from central planning and those with developing economies. Many countries have adopted competition laws, and even more have engaged in regulatory reform, demonopolisation, and privatisation. These three interrelated and sometimes overlapping policies can be enormously beneficial in creating competitive markets; indeed, they are sometimes all seen as applications of competition policy. It is important to bear in mind, however, that each of these policies can be ineffective or even harmful if it is not in fact implemented in accordance with sound competition policy principles.

My remarks will be organised as follows. First, I will make a few general observations about OECD work with non-Members in the area of competition policy. Second, I will discuss how competition policy can be used to benefit of society as a whole. Since this seminar concerns development issues, I will focus on competition's role in contributing to the world-wide development of efficient, productive economies that are able to sustain growth that is both equitable and long-term.

Third, I will discuss regulatory reform, demonopolisation, and privatisation, noting how they can be beneficial; how they can counterproductive; and how a country can seek to maximise the benefits and minimise the risks of harm.

Fourth, I will offer a few observations about the implications of the globalisation process on how countries pursue competition law enforcement.

OECD Competition Policy Outreach

The past decade's expansion of interest in competition policy has been accompanied by an enormous expansion of the OECD's competition policy work with non-Members. Our Competition Law and Policy Division has provided extensive assistance in the drafting and the implementation of competition laws. I understand that this work was described during last week's meetings here in Geneva, and I want to add that other parts of the OECD, such as those specifically involved in regulatory reform and in privatisation, have also engaged in competition-related outreach. Our premise -- that OECD Members' experiences can be useful to other countries, and theirs can provide important insights to OECD Members -- has been confirmed time and time again.

Before proceeding any further, I want to emphasise two points. First, I am not suggesting that any country should adopt wholesale the reforms that have been adopted by OECD Members. There are often variations in the policies of OECD Members, and it is important for each country to consider reforms in light of its own economic, legal, and cultural environment. Second, by "competition", I do not mean pure laissez-faire competition, but rather the regulatory system that has come to be known as competition policy. Competition policy seeks to achieve the benefits of competitive markets. However, it also recognises that regulation is necessary to overcome market failure and that governments sometimes choose to sacrifice some of the benefits of competition in order to pursue other social goals. A competition policy approach to regulatory reform can be used to determine the most efficient form of regulation to achieve

social goals. To emphasise these points, we at the OECD do not use the term deregulation, but rather regulatory reform, which is why the title of my remarks does not quite match the title of this session.

Why competition policy matters

Using Competition Policy to Benefit Society – Efficiency, Development, and Equity

In general, the goal of competition policy is to benefit society as a whole by ensuring that countries' economies work well in permitting buyers to decide and communicate what products and services they want, and in permitting sellers to respond to this consumer demand as completely and inexpensively as possible. There are two main forces that work against this goal – monopoly power and inefficient government regulation. Competition law and policy seeks to offset these forces.

To understand how competition law and policy can benefit society – and in particular to understand its efficiency, development, and equity benefits to developing countries -- it is important to understand how monopolists and cartels generally obtain their monopoly profits. In order to obtain monopoly profits, monopolists and cartels restrict output, which means they produce less than consumers want. They deliberately create an artificial shortage, as a result of which some consumers are not able to obtain the product at all, while those who succeed in getting the product pay an inflated, or monopoly, price. It is easy to see that such output restrictions reduce productivity, cause inefficiency, and hinder development.

Moreover, monopoly interests generally take steps to perpetuate their economic power, which reduces the overall degree of competition in a market. Countries with non-competitive economies have relatively little economic opportunity for the majority of their citizens -- instead, economic power and opportunity are concentrated in the hands of just a few. When entry barriers are lowered, special treatment of protected businesses is halted. Well-conceived privatisation programs get assets into the hands of more people with the incentive and ability to grow companies through innovation and efficiency; and far more of a country's citizens have a better chance to contribute to, and benefit from, the resulting economic growth.

It is not just private anticompetitive behaviour that is the source of inefficiencies. Poorly designed or outmoded government regulation can contribute to the creation of public monopoly and can have effects similar to those of private monopoly, including the diminution of economic opportunity. Government ownership and operation of business entities also can have these effects.

To prevent such economic and social harm, competition law and policy each have roles to play. Competition law normally prohibits a firm from obtaining monopoly power by merger or by any means other than skill, foresight, and industry; it also prohibits the abuse of dominance and cartel arrangements in which two or more firms agree to act jointly as a monopolist. Competition policy is a broader concept that includes aspects of regulatory reform, demonopolisation, and privatisation, and seeks to halt the harm to society that is caused by a broader range of anticompetitive actions and policies, including corrupt grants of monopoly power and unduly restrictive government regulation.

I have mentioned competition policy's contribution to the efficiency and equity of an economy, but I also want to note that macroeconomic benefits also can result. Our regulatory review program has produced interesting and important indications that regulatory reform, backed by a strong competition law and policy, can improve economies' capacity to adjust to internal and external shocks. That is an increasingly important consideration in a world characterised by highly mobile capital flows.

The Recent Financial Crisis and Competition Policy

The recent financial crisis in Asia and elsewhere provides a useful lens through which to examine the role of competition policy. The affected countries generally had experienced extraordinary growth in recent decades and followed sound macroeconomic policies. Speaking generally, however, many of these countries did not have adequate transparency and accountability in the operation of their enterprises, a factor which undermined investor confidence. Improved corporate governance is one remedy to this situation. Improved competition policy is another. Indeed, competition in the crisis economies was sometimes hindered through special treatment given to certain firms resulting from non-transparent, discriminatory policies, such as secret government-directed loans, and sometimes even from corruption. In addition, many of these countries had an unusually large number of state-owned monopolies and private firms with monopoly licenses. Foreign takeovers often were subject to restrictions. Finally, some countries also provided import protection and other forms of official or unofficial support for private cartels.

Whereas in competitive markets, high prices and profits generally signal good business and investment opportunities, in some emerging countries and industries these indicators sometimes reflected instead the monopoly rents that had resulted from these opaque arrangements. Thus, anticompetitive product markets helped create unrealistic levels of demand for investment; and neither financial regulations nor corporate governance rules required the kind of transparency and accountability that would have warned investors and ultimately protected Asian and other emerging countries from the eventual loss of investor confidence.

The Need for Competition Law

In our Bangkok conference, participants from developing and developed countries generally agreed on the importance of basing economic reform on sound competition principles. Central to that reform is the enactment of a competition law. This is not merely an important element of regulatory reform, but a matter of economic self-defence. There is considerable economic evidence that international cartels operate in ways that are particularly harmful to developing countries. Moreover, an anticompetitive merger among multinational enterprises can be particularly harmful to those countries who are least able to pay. Without a competition law, a country has no chance of preventing such harm. For example, because of competition law considerations, the recently proposed acquisition by one internationally known softdrink company of another well-known softdrink company does not include the U.S. assets of the firm to be acquired; and the proposed acquisition has been cancelled or modified in a variety of countries whose authorities objected that it was anticompetitive. Countries lacking competition laws and effective enforcement institutions are largely powerless to protect themselves in such circumstances.

Of course, developing countries have understandable concerns about opening themselves up too quickly to competition. It was emphasised in Bangkok, however, that even if these concerns lead to a transitional period before opening up completely to international competition, there is no reason for a transitional period before adopting a competition law. The fact that a country is in a transitional period should be taken into account in its competition authority's enforcement policies, but the law should be there. Why should entrenched domestic interests be permitted to take advantage of a transitional period by abusing their economic power to the detriment of other domestic interests and of society as a whole? By implementing competition law and selected competition-related policies during any transition, a country can prepare its firms for the post-transition world and prevent conduct that injures its consumers, hinders its development, and excludes many of its citizens from productive participation in the marketplace.

Competition Policy and the Social Safety Net

What about the human element in competition policy? The adoption of competition law and policy does not mean leaving all members of society to rise or fall based only on their ability to compete. Indeed, OECD countries are learning how they can use market forces and targeted policies to improve their ability to provide a “safety net” for the poor and disadvantaged.

In our work on regulatory and labour market reform, the OECD has identified a number of ways that governments can address social concerns as they move toward more competitive markets, without unduly distorting the efficient functioning of markets.

Perhaps the main reason why states maintain inefficient publicly-owned or regulated public utility monopolies is that such enterprises were believed to be indispensable to guaranteeing everyone access to essential services even when they cannot afford to pay the cost of providing the services. In fact, however, competition policy analysis has shown that there are ways in which countries can ensure universal service without the inefficiency that results from state ownership or from monolithic public utilities. And introducing competition can make it less expensive to provide for universal service.

Implementing Regulatory Reform, Privatisation and Demonopolisation

I turn now to the implementation of regulatory reform, demonopolisation, and privatisation.

Regulatory Reform

Providing a Framework for Competition. Efficient market competition can exist only in a supportive legal and structural framework. One of the problems some countries have faced is that their civil codes, criminal laws, and court systems are inadequate to protect firms’ and peoples’ rights. One important challenge of regulatory reform in transition and developing countries is to develop such a framework, which also includes a need for transparency in government and business operations. In some transition countries, the competition law applies directly to the government and can be used to challenge anticompetitive behaviour or outright corruption by government officials, as well as unauthorised anticompetitive actions by government executive bodies, including ministries. This model might be useful for those developing countries in which governments have been substantially involved in business affairs and where there is incomplete development of “conflict-of-interest” laws and, more generally, of the rule of law.

Reducing Inefficient Regulation. In those instances where competition policy analysis indicates that little or no regulation is needed, regulatory reform might take the form of deregulation -- for example, eliminating restrictions on the number of hours that a shop or business may remain open. In general, however, regulatory reform consists of finding better, cheaper ways of regulating. This often involves replacing so-called “command and control” regulatory systems -- in which the regulator specifies precisely how firms must meet a particular regulation -- with incentive-based systems that rely to the maximum extent possible on market forces. For example, in the area of pollution control, this means that regulators would not tell a firm what type of smokestack scrubbing technology it must use; rather, regulators would set a limit on the permissible level of emissions and leave it to the firm to find the most efficient, effective way of meeting the target level. Taxes and fees also can be used as part of the regulatory regime, in essence charging firms for the pollution they create.

The problem with command and control approaches is that they often eliminate the incentive and/or the ability to adopt efficient means of production. The result -- less production and higher prices -- is analogous to the result of a monopolist's abuse of dominance by restricting output. The goal of regulatory reform is to allow governments to achieve the underlying regulatory objective -- such as reduced pollution -- without imposing unduly high costs on society. No single approach is always the most appropriate; but OECD countries have found increasingly that it is desirable to use regulatory approaches that correct for market failure, or that isolate market failure, but otherwise permit competition. This approach generally brings the greatest net benefits to economies and societies.

Privatisation

In recent years, many countries have moved away from government ownership of economic entities, in order to improve standards of living and raise growth rates. State-owned enterprises are generally less efficient than private ones, which is not surprising, given that these enterprises are not likely to be allowed to fail and thus lack an incentive to operate efficiently. In addition, although many state-owned enterprises operate in an entirely legitimate manner, such enterprises do present the risk of corruption and cronyism. Politicians and senior bureaucrats can use such enterprises to channel funds to themselves and friends of the government, or they can distort the enterprises' hiring or investment decisions for political ends. As the World Bank has clearly documented, the net effect of such arrangements is lower investment, lower growth and reduced welfare for all. What are some of the benefits that may flow from privatisation?

First, privatisation can contribute to improved public finances.

Second, a private entity has a greater ability to raise the funds needed to expand and modernise. Beyond recourse to bank borrowing, fully state-owned enterprises are by definition restricted to raising capital solely by way of bonds or new capital injections from fiscal and other government resources. State-controlled enterprises can be partially open to private equity participation, but generally on less favourable conditions than those faced by enterprises in which private investors are permitted to take majority or controlling equity positions.

Third, privatisation can help create a broader, deeper national capital market. This is a benefit that could be particularly important to developing countries.

Fourth, privatisation helps promote a "culture of efficiency" in many countries' public enterprise sectors. It contributes to the creation of a competitive market for managers within the state-owned sector, as well as between it and the private sector.

Finally, the management of privately owned enterprises is subject to the discipline of the marketplace if it fails to operate efficiently.

In addition to the economic reasons why countries around the world are engaging in more and more privatisation, there is also a political one. Private ownership of production tends to support democratic institutions, because it results in shared power, whereas public ownership tends to concentrate both political and economic power in the same hands.

Demonopolisation

Demonopolisation -- reducing or eliminating public ownership of firms -- is one of the central goals of privatisation. However, some countries, and especially some developing countries, have given legal monopolies to private firms. Eliminating those legal monopolies is an important step toward greater competition that will surely be opposed by the monopolist but may often be able to produce quick and

substantial benefits to a country's economy. In addition, various legal provisions may create monopoly power even without explicitly granting a monopoly. Barriers to international trade and investment are one example; but the search for such barriers must include not just border measures, but also other government regulations that block or raise the costs and uncertainties facing foreign or domestic firms that would like to enter the market or expand abroad.

Ensuring Competitive Benefits of Regulatory Reform, Demonopolisation, and Privatisation

Despite the potential benefits to society of regulatory reform, demonopolisation, and privatisation, these policies must be implemented with careful attention to the underlying goal of using market forces to yield beneficial results. For example, regulatory reform may remove government inefficiency but leave firms with the incentive and the ability to abuse a dominant position or form a cartel. Similarly, eliminating a government monopoly may be very slow to bring about any benefits, if the firm is free to act in anticompetitive ways to prevent entry of other firms. An unwise privatisation may simply replace government monopoly with private monopoly, and even a privatisation that divides a firm may produce no benefits if the former components of the firm are left to cartelise and recreate the monopoly.

In all of the above circumstances, the most important thing a country can do to assure the pro-competitive potential of its economy and its regulatory regime is to have a sound competition law enforced by a strong competition authority. As I noted at the outset, that is the heart of my message to you today. Some small countries with open economies believe that they do not need a competition law, but that approach leaves them vulnerable to international cartels. For example, at a recent OECD conference on Competition Policy in the Baltic Region, there was discussion of a case in which two international firms had allocated the Baltic states between them. Improved market access cannot help in this situation; competition law enforcement can and did.

There is another reason why it is important to have a strong competition authority. There are many difficult questions that arise in deciding how to regulate a utility; what steps are necessary to demonopolise a market; and whether and how a privatisation can be structured so as to promote competition. These are not the sort of questions most regulators are used to considering; and OECD countries have found it very useful to use their competition authorities to provide expert advice to their legislatures and to other ministries on these questions.

I now turn to examples of the problems that can come up in implementing regulatory reform, demonopolisation, and privatisation -- the issues on which the advice of a competition authority can be so important. In the area of regulatory reform, despite the need to treat natural monopoly claims with some suspicion, there are some circumstances in which an industry does have a natural monopoly component, in which case it could be counterproductive to deregulate. Most OECD countries take the view that in these circumstances, some sort of price and service regulation is necessary to protect consumers -- and the economy as a whole -- from abuses of monopoly power. Increasingly, countries are finding that competition policy principles can be used to devise a regulatory system that does not subject the entire industry to the inefficiencies inherent in natural monopoly regulation. For example, in most areas and under current technology, a competition policy approach to the electricity sector would acknowledge the need for continued price and service regulation of the high voltage grid that transmits the electricity, but would (1) separate the operation of the grid from the provision of services, such as generation, that might be provided competitively, and (2) design those regulations in a way that would allow market demand to signal where to efficiently site generators or augment the grid.

There are also many examples of problems that can arise in the area of privatisation. For example, economies of scale must be considered when deciding whether and how to divide up a potentially competitive activity prior to privatisation. A well-trained competition authority can help with this analysis

while the privatisation is being considered. Moreover, where there is significant doubt about the importance of such economies, it is probably wise to err on the side of over-dividing assets but allowing some scope for mergers in the post-privatisation period. This approach is particularly useful if such mergers would be subject to review under a competition law that takes account of both real efficiencies and possible anti-competitive effects.

Another example concerns the conflict of interest that governments face when selling any kind of monopoly. Where a monopoly firm's assets can be divided and sold separately without significantly harming efficiency, dividing the assets into competing firms will benefit the country's long run interests. On the other hand, if monopoly power is sold along with bricks and mortar, the government will obtain more money in the privatisation. These objectives can, and often do, conflict. In general, if one focuses on the long term, the economic harm caused by a private monopoly merely replacing the previous public monopoly is likely to be much greater than the economic benefit of the higher sale price received by the state. The difficulty, of course, is that countries engaging in privatisation often face considerable short term pressure to seek a higher price at the time of sale, even though in the long run, such a decision hinders development. In that case, a competition authority may be able to help find an acceptable alternative approach.

Another substantive issue on which competition authorities have gained considerable expertise can arise in the course of either privatisation or regulatory reform. The issue concerns whether and how to separate competitive and so-called natural monopoly sectors. Vertical integration may be efficient because of economies of scope, but reformers need to bear in mind that vertical integration can be used to evade natural monopoly regulation and prevent the emergence of competition. For example, recorded profits in the monopoly sector can be kept below regulated ceilings by simply transferring any excessive profits to subsidiaries operating under separate accounts. Some argue that one can permit natural monopolies to be vertically integrated, as long as one ensures that they offer competitors and their own subsidiaries the same access to the monopoly facilities. Unfortunately, regulated companies usually have a significant informational advantage over both regulators and dependent competitors, and they usually have every incentive to press those advantages to frustrate competition.

Therefore, competition policy analysis is tending to show that unless economies of scope are demonstrably significant and cannot be adequately captured through long term contractual relationships, a country that wants to ensure competition should see to it that any natural monopoly aspect of an industry is vertically separated from the competitive aspects. As a second best alternative, consideration should be given to various ways to make it easier for a regulator to ensure non-discriminatory access to a natural monopoly's facilities. Accounting separation of the natural monopoly component and related businesses may help, but enforcing such separation is hard given the regulator's information disadvantage. Even better would be a separation of ownership and day-to-day operation of the network, as is being tried in some countries' electricity sectors. Complete separation, that is ownership separation, is the method most sure to eliminate the ability and incentive to disadvantage rivals.

Finally, there are two noteworthy questions regarding the optimal timing of regulatory reform, demonopolisation, and privatisation. Competition produced by such reforms can certainly be expected to have long-term benefits. Even in labour markets, a frequent and natural source of concern, the history of procompetitive reform is that the resulting economic efficiency produces growth and hence more employment. It is clear, however, that no country can afford to ignore the short-term disruptions that can accompany transition. In general, it is preferable to use targeted policies that ease the hardship that transition may cause, rather than to delay transition; but the process of economic reform is a complex one, involving political as well as economic considerations. Thus, there are bound to be situations in which countries delay one or another privatisation or other reform in order to keep short-term economic disruption at an acceptable level. Competition policy can assist in making the needed trade-offs and in making sure that the most meaningful reforms are pursued in the first instance.

My last point about the timing and methods of these economic reforms is based on the Bangkok conference. One of the greatest problems with delaying reform is that doing so may create doubt that the reform process will in fact be carried out. The resulting uncertainty on the part of consumers, employees, businesses, and potential investors can be very costly in economic and social terms. Thus, where delays do occur or reforms are phased in, it is important for a government to assure market participants that the delay or transition period is only temporary. For example, it was suggested at the Bangkok conference that any transition period should be for a relatively short fixed term and should be irrevocable. On the other hand, there also seemed to be consensus that privatisation should not go forward until a pro-competitive regulatory framework is in place.

As my previous remarks have noted, for countries that are seeking to secure the benefits of competition, a sound competition law is a vital element. Such a law, however, is only the beginning. The law must be consistently and sensitively applied by a strong general competition agency, one that is independent of political and private sector pressure. Such a competition agency should be involved in much more than enforcement. It should also be consulted during privatisations and when regulations are being adopted or revised. A competition agency should be consulted as an expert on such issues as when markets must be supplemented with regulation, and how such regulation should be structured in order to preserve maximum private incentives to improve efficiency and pass such gains on to consumers.

The Need for International Co-operation in Competition Policies

Even before the current globalisation process became apparent, it was clear that competition authorities needed to co-operate in their competition law enforcement work in order to deal effectively with restrictions on competition that have cross-border effects. Increased globalisation has meant that a higher percentage of competition cases have now significant international components. As trade and investment liberalisation reduces entry barriers, firms may have greater incentives to engage in anti-competitive practices and mergers which limit foreign firms' market access. Therefore, the need for increased international co-operation in the design and implementation of competition laws and policies is gaining greater prominence in international fora such as the OECD and the WTO.

Improved international co-operation can be achieved at different levels and under different forms. Let me briefly mention some of the approaches which OECD Members are presently exploring.

One approach is to enhance voluntary co-operation among competition agencies. The OECD's Competition Law and Policy Committee has recently adopted a report on how competition authorities can benefit from using so-called "positive comity." Under that principle, a country is urged to give "full and sympathetic consideration" to another country's request that it open a law enforcement action to pursue illegal anti-competitive conduct in its territory that is allegedly harming the interests of the requesting country.

Another approach is to encourage voluntary convergence in competition laws and enforcement practices. The OECD Council adopted in 1998 a Recommendation against "hard core" cartels. These cartels constitute the most damaging and egregious violations of competition laws, since they are directed at fixing prices, rigging bids, restricting outputs, or sharing or dividing markets. Under this Recommendation, Members are urged to ensure that their competition laws effectively halt and deter hard core cartels; and to co-operate in enforcing their laws in this domain.

A third approach under discussion is to develop a multilateral agreement containing competition provisions. This is an issue which is receiving growing attention in the context of preparations for the upcoming WTO Ministerial meeting in Seattle. The OECD's Competition Law and Policy Committee and

our Trade Committee are carrying out joint work to assess the pros and cons of the various options available. Among these options, consideration is being given to an approach involving the adoption of: (1) a limited set of core principles (such as non-discrimination) that are enforceable under a dispute settlement process, and (2) some "common approaches" (such as guidelines on merger analysis) that are not subject to dispute settlement. This approach would have the advantage of being sensitive to enforcement realities (because individual cases would not be subject to dispute settlement) and to different conditions and historical experiences across countries. Overall, however, significant differences of view remain even among OECD Member countries as to what additional steps should be taken in this area.

The OECD's work with non-OECD countries in the area of competition policy is designed to share the results of on-going OECD work and engage in a two-way dialogue with non-Members on all these issues. While we believe it is important for countries to adopt competition laws and to pursue co-operation and convergence in competition laws and enforcement practices, let me assure you that the ultimate goal of our work is not a uniform international competition law. OECD Member countries themselves would be the first to resist such uniformity. There is room for competition among competition law enforcement systems; and competition law should take into account a country's legal, economic, and cultural situation.

Concluding Remarks

My remarks today have dwelt primarily on the economic benefits achievable through greater reliance on competitive markets, but I want to close by stressing that there are other important benefits as well. Generally speaking, greater competition achieved through regulatory reform, demonopolisation, and privatisation should contribute to a general deconcentration of economic, and consequently of political, power. In addition, it should give more people an opportunity to apply and develop the entrepreneurial and managerial skills that are needed to sustain economic growth, development and job creation. Such politically important objectives have usually been at the heart of most countries' adoption of competition laws.

I also want to stress that much has been achieved in recent years in terms of regulatory reform, demonopolisation, and privatisation; and evidence continues to accumulate concerning the sector-specific and economy-wide benefits of such policies. There is still much to do, however, in terms of defining clearer goals for government intervention in the economy; discovering more efficient ways of doing so, and determining what is better left to private economic decision-making. The OECD is deeply involved in this work through its regulatory reform project and through the work of its Committee on Competition Law and Policy. We also have worked closely with many non-Member countries wishing to adopt more pro-competitive policies. The need for such assistance will no doubt continue to grow, as will the need for continued exchange of experience and policy dialogue between OECD Members and other countries. This UNCTAD seminar provides one such occasion for dialogue, and I hope there will be more in the future.

I look forward to your questions and further discussion of themes introduced in my presentation.