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How to build a pro-competition consensus

- the lack of competition, achieved by protectionist regulation or by private restraints to trade, makes it possible for some groups in society to gain disproportionately relatively to others
- stable societies with unchanged boundaries tend to accumulate over time more collusion and organizations for collective actions
- special interests are concentrated and gain substantially from any restriction of competition. On the other hand, the losers do not have much incentive to contrast the efforts of special interests organizations.

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How existing coalitions are challenged

- free trade, the opening of markets, thorough changes in the social order, political upheavals, wars and destruction create new equilibria and liberate the forces of competition
- competition operates efficiently until new coalitions are formed and new constraints are introduced and become effective. Another break then occurs and the cycle starts over again.
- Such breaks are very seldom general and they tend to exercise effects only on some markets

4 How to impede special interest to exercise their influence on national rules

- constitutional rules that impede protectionist regulations can effectively contribute to maintaining open markets
- this has to be combined with an effective antitrust legislation in order to make sure that private restraints of trade are not put in place
- how can sufficient consensus be achieved for introducing constitutional norms that impede legislation from pursuing special interests
- Hilmer's 1993 Australian Report on "National competition policy" suggests that general rules are difficult to oppose

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European experience

- the Treaty establishing the European Economic Community introduced constitutional norms that created a free market for goods and services eliminating tariff and non tariff barriers among member countries. It also introduced competition rules to impede restrictive business practices
- the Treaty allowed the Commission to enforce competition rules against interventions by national governments (restrictive regulations and state aids)
- the action of the Commission was a major force for the liberalization of national markets

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European experience (cont.)

- Liberalization directives have been common in telecommunications. Harmonization directives based on the principle of mutual recognition have led to the opening up of markets such as public procurement, banking, insurance, electricity, gas, rail, airport services etc.
- common interpretation of European directives as establishing the (maximum) degree of liberalization that each country needs to introduce domestically: very difficult to reach consensus for the introduction of competition oriented legislation

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The role of competition advocacy

- National institutions: the antitrust authority
- newspapers and academia
- consumer associations
- international organizations
- the regulatory reform project provides for the analysis of country specific problems; identifies country specific solutions and creates a momentum for reform.

The OECD regulatory reform project

- the regulatory reform project may play a very important role for achieving the elimination of anticompetitive product market regulations. The lower the unnecessary bureaucratic costs for enterprises, the easier it is to start a new business and to operate successfully in the market.
- In order for the project to be more effective it would be extremely important that the report be translated and then presented and discussed in the country under examination.