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TOWARDS AN OPTIMAL COMPETITION POLICY IN SOUTH AFRICA: POST CHICAGO AND THE DEVELOPMENTAL STATE

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Views expressed are of the authors only

T o w a r d s a f r e e a n d f a i r e c o n o m y f o r a l l



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- OVERVIEW:

1. Introduction

2. Developments In Economic Theory

- ✓ *Particularly their implications for competition policy in South Africa*

3. Competition And Industrial Policy?

- ✓ *Competitive rivalry, industrial policy and industrial development*

4. Competition Policy And The Developmental State?

5. Conclusion

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- What is the basis for the 'post-Chicago synthesis' ?
- Pre-Chicago
- Chicago School:
 - *Firms have no incentives to behave anti-competitively*
- Post Chicago Synthesis:
 - *Interdependence and strategic behaviour means that large firms have incentives to behave anti-competitively*

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- Implications for South Africa:
 - ✓ *New entry has been stifled in many sectors of the economy.*
 - ✓ *It may be optimal for the South African competition authorities to err on the side of encouraging entry,*
 - ✓ *Adopt a post Chicago approach to competition policy which looks at the actual conditions on the ground.*
- The assessment of conduct on a case by case.

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- Competition and Industrial Policy
- *Complements or substitutes?*
- ✓ Industrial policy is less likely to achieve satisfactory results when it is not accompanied by active enforcement of competition policy.
- ✓ Where tensions exist, South African competition policy has been designed and implemented to accommodate these challenges.
- *Competitive rivalry, industrial policy and industrial development*

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- Competition Policy And The Developmental State?
- Why movement towards a developmental state?
- The challenges of democratic South Africa
- In Asia, experiences with industrial policy and the desires of its goal have shaping the debate over competition policy.
- Economic development requires, structural transformation but structural transformation is path dependent

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- Competition authorities have a central role in enabling programmes such as ASGISA and NIPF to be effective.
- At a minimum a developmental state presupposes the ability and aim of collecting and analysing information on the trajectory of the economy
- An under-emphasised strength of competition authorities is their ability to uncover the competitive dynamics and outcomes in a given market through powers of information gathering and analysis

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- Conclusion
- Encouraging new entry promotes the competitive process, limits rent-seeking opportunities, and furthers the process of being a developmental state.
- Whereas competition policy yields efficiency benefits, industrial policy can fill in the gaps in a developing market economy by coordinating markets where developments in one market depend on developments in another.

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