

## **Pradeep S. Mehta**

Pierre Jacquet, Director General, Global Development Network, New Delhi has been inspired by the debate to contribute an article in *Le Monde*, which is being relayed in English.

*Secretary General, CUTS International  
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### **Is Competition Compatible with Equity?**

Le Monde, France, June 26, 2013

In the eternal debate on the links between growth, poverty and inequality, it is particularly important to hear the views from developing countries.

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The online forum organised by the international NGO, Consumer Unity & Trust Society (CUTS) based in Jaipur (India) can head off the beaten track.

In July 2011, Pradeep S Mehta and Bipul Chatterjee of CUTS wrote a book from the first forum (Growth and Poverty: The Great Debate). In May 2013 a new thread of discussion was launched in response to a simple remark of Dr C Rangarajan, Chief Economic Adviser to the Prime Minister of India, Manmohan Singh “The growth cannot be pursued at the cost of damage to the equity”.

Should we be offended on behalf of equity, requires one of the protagonists, if the richest are experiencing an increase in revenues of 15 percent and if the others 99 percent see their revenues increasing of 10 percent?

In response, some suggest the risk of social tension, noting that at the moment of the Arab Spring the economic growth was around six to seven percent per year in Egypt but that inequalities were significantly increased. Similarly, in Tunisia, the perception of social injustice has caused the revolt.

## **Dehumanisation**

Again we must distinguish, in the definition of equity, income distribution – that is a societal choice and public policy – and equal opportunities.

The latter refers to the law and competition policy, whose role is to ensure that markets function properly and that the barriers to entry or positions of monopsony – market with one buyer and many sellers – do not provide to companies the means to abuse market power to the detriment of others, consumers or producers.

Representatives of the competition authorities in many developing countries are engaged in the debate: India, Pakistan, Egypt, Jamaica, Botswana, Zambia, Thailand...

Competition usually brings benefits to consumers, as they said, but sometimes for the benefit of foreign consumers to the detriment of local employees. Then can we talk about equity? or even efficiency? The example given is that of poverty of the producers of cotton, tobacco and sugar in Zambia while multinational organisations thrive.

The equity was present in the original spirit of the antitrust laws, said a protagonist, who regrets that the influence of the Chicago school has gradually dehumanised the economy. Although the German model of ‘social market economy’ is based on a separation between the pursuit of efficiency in the market and equity in social policies.

But in countries where institutions are weak and where policies are ineffective we cannot count on this separation of

roles and the competition authorities are forced to explicitly take into account the impact of their actions in terms of equity. It is also essential to the social acceptability of the market economy.

*This article can be accessed in French at:  
[www.lemonde.fr/economie/article/2013/06/26/la-concurrence-est-elle-compatible-avec-l-equite\\_3436847\\_3234.html](http://www.lemonde.fr/economie/article/2013/06/26/la-concurrence-est-elle-compatible-avec-l-equite_3436847_3234.html)*