

ANTITRUST CHALLENGES OF DEEP GLOBALIZATION

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Antitrust Challenges of Deep Globalization in the Post-American World

- ▣ What is deep globalization, what is the post-American world?
- ▣ 1) The shift of the tectonic plates
 - The emerging economies
- ▣ 2) The Bottom Billion
- ▣ 3) The Gap
- ▣ 4) Three challenges:
 - ▣ “We are the international standard” problem
 - ▣ The not-an-antitrust-problem problem
 - ▣ The not-our-problem problem

I. The Shift: The Rise of the Rest- Shanghai rising



Rise of the rest

- ▣ Fareed Zakaria, The Post-American World (2008)
- ▣ China and India
 - China produces 600,000 engineers a year; India 350,000; US 70,000
 - Growth
 - China, for 30 years to 2008 7-10%
- ▣ BRICS, BRIICS, CIVETS

What is the antitrust challenge?

1) Competitiveness

- Does US antitrust help or hurt innovation
 - Entrepreneurialism, entry by mavericks
 - Irwin Stelzer in Bob Pitofsky's How Chicago School Overshot the Mark
 - The venture capitalists will not fund the newcomers who can be snuffed out by dominant firm strategies

2) Industrial policies, often not transparent – China

- First, understand
- Second, classify: is it beggar-thy-neighbor?
- Third, develop better world practices; adjust

3) Humility to emerging economies and their modi operandi

– for good reason, they may not be just like us

II. The Bottom Billion – the poor

- ▣ Paul Collier, The Bottom Billion:
 - Why the Poorest Countries are Failing and What Can Be Done About It (2007)
 - 50 nations, one-sixth of the world
 - ▣ Integration into world economy is an aspiration
 - Many have or are getting antitrust law
- ▣ What is the competition challenge?
 - Deference to: what they need is inclusive efficient development (Spence report, World Bank)
 - ▣ Competition policy and law must serve that goal
 - ▣ It may not be the antitrust rules of the West

An example from Zambia

- Thula Kaira

▣ Extreme poverty

- 64% population live on less than \$1.22 per day
 - ▣ 1 in 5 die before 5th birthday
- Most of the population are small scale farmers
- 84% of small scale farmers are in extreme poverty

▣ Outgrower schemes of cotton ginneries

- 2 big buyers, Dunavant and Cargill
 - ▣ They contract with small-holders for marginal demand
 - ▣ Farmers must take 100% risk of failed crop (e.g. drought)
 - The agency intervenes, and risk is shared
- But why is this antitrust?

III. The Gap

- ▣ We have national antitrust law
- ▣ Nations, e.g. US, Canada:
 - We care about consumer welfare – but only for our people
 - We hate cartels – but not when they hurt others
 - It is not that we do not care about the rest of the world; it is just that it is not our problem
 - It is really too bad about the Canadian potash cartel
 - ▣ We know the buyers are farmers in poor developing countries that need potash for fertilizer to grow their crops and as a result people starve and farmers cannot compete; it is just too bad; it is not our problem

IV. Conclusion: Three Challenges

- ▣ 1. Are “we” the international standard?
- ▣ 2. The not-an-antitrust-problem problem
 - What do we do as technical advisors?
- ▣ 3. The not-our-problem problem