ICE

MINISTERIO DE INDUSTRIA, COMERCIO Y TURISMO INFORMACIÓN COMERCIAL ESPAÑOLA *Secretaría de Estado de Comercio*

MARKET REGULATION AND COMPETITION

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ARNEDILLO BLANCO, Óscar

The task of regulating the electrical industry

Abstract: The purpose of regulating the electrical industry should be to promote its efficient operation with a view to maximising social welfare. In the wholesale market, the regulator should eliminate the distortions affecting prices and agents' decisions. Regarding grid activities, the regulator should design a remuneration mechanism that offers utilities a reasonable prospect of recouping any costs prudently incurred by them. In the retail market, the regulator should ensure that the design of access fees reflects marginal supply costs, reduce the scope of regulated rates, and provide information to consumers.

Keywords: utilities, industrial organisation, markets, regulated industries.

JEL Classification: D4, L1, L2, L5, L9.

BECKER ZUAZUA, Fernando

Why regulate?

Abstract: The market as an institution has been governed by rules from its inception, which confers it a high resource allocation capacity. Market processes contain imperfections that detract from its efficiency. Consequently, the protective powers of the State should be aimed at strengthening its capabilities. Globalisation, coupled with a radical technological change, has resulted in the need for reviewing competition policies. Given the imperfect nature of information, new approaches are required from a dynamic or inter-industry perspective. The available institutional quality indicators for the Spanish economy point to major areas of improvement.

Keywords: homo economicus, tribe, public choice, competition policy, institutions, market power.

JEL Classification: B1, B10, B152, K21, K42, L40.

CABRILLO RODRÍGUEZ, Francisco

The Economy, the State and the Law

Abstract: One of the main conclusions of the economic analysis of law is that the legal system is an essential factor for economic growth in any society. Faced with the existence of flaws in the market, economists have in many cases proposed solutions to improve the standard of social welfare, based on the intervention of the State through stricter regulation of certain sectors, a public monopoly, or taxation. This approach is often misguided, as it does not sufficiently take into account society's capacity to design legal institutions that produce efficient results.

Keywords: economic analysis of law, regulations, flaws in the market, ownership rights.

JEL Classification: D60, D62, K11, L51.

DELGADO URDANIBIA, Juan

The challenges of competition protection systems in advanced economies

Abstract: The present article briefly reviews the origin of competition protection systems, together with their current aims, functions and instruments to ensure the proper operation of the markets. Also discussed are the major current debates on the future of competition protection systems. It is concluded that, in order to address the issues identified by critics of the current competition protection systems, no major reforms are required, but rather a stricter and more rigorous use of the instruments already in place.

Keywords: competition protection, economic development, wellness, globalization, regulation.

JEL Classification: D63, K21, K23, L40, L51.

FERNÁNDEZ DE LIS, Santiago and URBIOLA ORTÚN, Pablo

Digital transformation and competition in the financial industry

Abstract: The digital transformation has opened up the financial services market to new types of providers: start-ups known as fintechs and, more recently, the large technology companies. The latter have a large potential for disrupting the competition landscape on account of their size and the characteristics of the digital ecosystems into which they integrate financial services. This article explores how the scope of such integration is in part conditioned by the financial regulatory framework, data access rules and competition policy.

Keywords: financial services, digital markets, financial regulation, data, competition policy.

JEL Classification: G20, K20, L40, L86.

GONZÁLEZ PASCUAL, Julián and PESSOA DE OLIVEIRA, Ana Katarina

Solvency analysis in non-financial companies: static versus dynamic model

Abstract: The aim of this work is to empirically establish a reasoned prioritisation between the static and dynamic solvency assessment models when performing the financial diagnosis of a company, based on the effectiveness and accuracy of the results obtained. Companies undergoing insolvency proceedings were considered as objectively insolvent companies, where we were able to determine which one was the most accurate insolvency detection model. This also proved to be the most comprehensive model, as it allowed us to clearly identify the three key moments in the insolvency generation process, which are associated with the potential causes of financial difficulty.

Keywords*:* insolvency analysis, static model, dynamic model, non-financial companies, insolvency.

JEL Classification: G4, M41.

GUINDOS TALAVERA, Beatriz de

Proposals for reforming the law on competition

Abstract: After ten years of practical implementation, Law 15/2007 on the Protection of Competition has proved highly effective in promoting the competitive operation of the markets. However, certain useful instruments, such as the transaction procedures (better known as settlements) successfully used in other jurisdictions in our close environment are not contemplated in our legal system. On the tenth anniversary of Spain's Law on Competition, it would be useful to reflect upon the necessary adjustments and improvements to this law in order to ensure that it remains an effective tool. The transposition of the new ECN+ Directive, aimed at strengthening national competition authorities, can be a unique opportunity to do so.

Keywords: competition, leniency programme, ECN+ Directive, damage claims, settlement agreements, independence and self-sufficiency, prioritisation, prohibited agreements, inspections.

JEL Classification*:* K21, L44, Q15.

MARÍN QUEMADA, José María

The CNMC: five years promoting the proper operation of the markets and the competitiveness of the Spanish economy

Abstract: This article attempts to make a personal assessment of the work of the National Commission for Markets and Competition (CNMC) since its creation, based on the premise that its fundamental aim is to ensure the proper operation of the markets and the welfare of consumers. The first part of the article sets out the reasons why it considers the CNMC a firmly established institution, and mainly focuses on analysing its three fundamental dimensions: integration, independence and transparency. The second part briefly reviews the activity of this institution, with regard to both sectoral supervision and the protection and promotion of competition. The third and last part discusses the issues faced by the CNMC, notably the need to acquire the sectoral competences contemplated in the European legislation and the required autonomy in the management of its human resources.

Keywords: competition policy, sectoral regulation, independent authorities, institutional design, CNMC.

JEL Classification**:** K21, K23, L40, L51.

PASCUAL PONS, Carlos

The social value of competition policy and its protection

Abstract: This article discusses the role assigned to competition policy within the current debate on how to achieve fairer and more equitable economic growth. In such debate, a reformulation of the principles of competition policy has been proposed. However, any modification of such principles calls, first and foremost, for a thorough understanding of the mechanisms through which the protection of competition has a positive impact on society in broad terms. This article reviews, in a non-technical style aimed at the lay reader, the benefits of competition, with the aim of assisting those who wish to participate in the debate.

Keywords: society, social benefits, competition.

JEL Classification: K21, L40, L44.

SCHWARTZ GIRÓN, Pedro

Free competition in an open, dynamic economy

Abstract: The author doubts that constant surveillance by the competition authorities is required to prevent capitalist economies from turning into a constellation of monopolies and oligopolies. In any event, it does not appear to be true that monopolies lead to wastefulness when they are allowed to engage in price discrimination. After banning secret cartels, it would be enough for agreements between companies on prices and quantities to be declared non-enforceable in court. We should not aspire to perfect competition, but allow the full deployment of free competition.

Keywords: monopolistic strategies, oligopoly and other imperfect markets, competition protection policies.

JEL Classification: L12, L13, L4.

VESTAGER, Margrethe

European Union competition policy

Abstract: The fundamental provisions of EU competition policy have remained virtually intact for sixty years, attesting to their flexibility and continued relevance. Their enforcement in particular focused on protecting the internal market and —in the case of antitrust and mergers— consumer welfare. They have also served the EU's wider policy goals; for example, they directly support several of the current Commission's top priorities such as jobs, growth and investment and the single market (including the digital single market and the energy union). Increasingly, research demonstrates the macroeconomic benefits of competition policy, such as productivity, growth, employment and inequality reduction.

Keywords: competition policy, macroeconomic benefits, growth and employment.

JEL Classification: K21, L40, L41, R11.

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