

# [Four pillars of competition policy in eu](https://assignbuster.com/four-pillars-of-competition-policy-in-eu/)

Perfect completion is the category where the most of the firms are placed. The number of firms is very big since there are no restrictions for entering this market structure. Moreover, the nature of the products are homogeneous, meaning that they are more or less the same type. A good example of these products could be vegetables. Last but not least, the demand curve horizontal where firm is a price taker.

## Monopolistic Competition

This market structure can include several number of firms. In comparison with the Perfect Competition there is not a restriction for entering but, however, in this one the types of the products can be completely different to each other. Builders, restaurants, hotels and bars are some examples for this market structure. In this case the demand curve is downward sloping but relatively elastic.

## Oligopoly

In the Oligopoly market structure there are only a few firms. The reason can be the restricted number of entries but additionally the fact that the nature of products is not specific. It can be products of the same type but also with different. As an example we can give car companies, cement companies, gas stations and electrical appliances. For Oligopoly, the demand curve is downward sloping but relatively inelastic with the shape depending on the reactions of the rivals.

## Monopoly

In the Monopoly market structure there is only one firm. This means that the number of entries is restricted or sometimes completely blocked. The nature of products in this case is unique meaning of a local water company or a local electricity company (Î”. Î-. Î-. for Greece) as examples. The demand curve for Monopoly is downward sloping but more inelastic than in oligopoly. Furthermore in this case the firm has considerable control over price.

Question 2)

An example for perfect competition is the free software. Everyone without any restrictions or costs can provide this product in the market at any time and sell it in the prices that wants. For monopolistic competition, we can give as an example a shower gel. There are a lot of companies that produce shower gels but however each company uses a different packaging in order to seem more attractive or different or even claims to be similar with the products that Spa centers use. For oligopoly for instance we can say about the airline companies. For each country there are specific ones and also in a small number. This means that when a person wants to travel with an airplane, they have the ability to choose the company but however there would be two or three. Last but not least, the monopoly that has as an example the electricity supplier companies. For each country there is only one and a customer doesn′t have any other available option to choose for these kind of products.

Question 3)

The Westin Athens Hotel

The Westin Athens, as a hotel, belongs to the perfect competition market structure. The supplies of this hotel are variable. This means that for regular products (such as food and beverage supplies) the hotel cooperates with companies that are placed in the perfect competition structure. Moreover, for machinery, furniture, cleaning chemicals, clothes, electronic devices the hotel cooperates with monopolistic competition companies. For gas, we have oligopoly companies, and at last for electricity and water supplies monopoly companies. For every different kind of suppliers (meaning the difference in the market structure) there are different prices. This means that in perfect and monopolistic competition is possible to find a low cost product in contrast with oligopoly and monopoly were the suppliers are specific.

Question 4)

The competition policy covers every different way in which the competition authorities of national governments and the European Union seek to make markets work better and achieve a higher level of economic efficiency and economic welfare. Furthermore the competition policy aims to ensure factors that will help it to improve. Initially is the achievement of the wider Consumer choice in markets for goods and services. Secondly the improvement of the technological innovation which promotes gains in dynamic efficiency. Thirdly achieve an effective price competition between suppliers and last but not least the investigation of allegations of anti-competitive behaviour within markets which might have a negative effect on consumer welfare. Moreover, the European commission is assisted by all EU member states have the power to enforce EU competition law, the European Commission and the national competition authorities inform each other about new cases to avoid multiple investigations and finally they inform each other before taking a decision to ensure that the law is applied consistently.

The European Commission and the national competition authorities in the EU member states cooperate with each other through the European Competition Network. Additionally, The main aim of the ECN is to ensure consistency across the EU through informing each other of new cases and decisions, coordinating investigations when necessary, helping each other with investigations and by exchanging evidence. Eventually, this creates an effective mechanism to counter companies which engage in cross-border practices restricting competition.

The Four Pillars of Competition Policy in the EU:

Antitrust & Cartels: This involves elimination of agreements which seek to restrict competition and abuses by firms who hold a dominant position in a market.

Market Liberalisation: Introducing fresh competition in previously monopolistic sectors.

State aid control: Analyses examples of state aid measures by Member State governments to ensure that such measures do not artificially distort competition in the Single Market

Merger Control: The investigation of mergers and take-overs between firms which may result in their dominating the market.