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OverviewMany ofthe world’s capitalists seek out countries that value innovation, job creationand everything else that comes with free market economies.  Traditionallybilled as the world’s freest economy, Hong Kong remains one of the most capitalistcountries. It’s almost non-existent tariffs and small government are a recipefor capitalist success. Economists insist that there is no free market in thereal world.

They hold a view that free market system is more a theoreticalconcept as, governments always put some type constraints in the allocation ofresources and the exchange of goods and services. An example is the minimumwages that are set by many governments around the world. Bahrain isa country wherein exists a free economic market in which supply and demand arenot regulated by government or if it is, it is regulated with only minorrestrictions, for the welfare of the traders, consumers and the community atlarge. The Governmentof Bahrain has been tactically taking actions to restrict the practicesimpeding free market regime in the Kingdom. This practice note shares theregulations on conducting free market process in the Kingdom of Bahrain. Key DefinitionsFreeMarket: In economics, a free market is an idealized system in which the prices for goodsand services are determined by the open market and consumers, inwhich the laws and forces of supply and demand are free from anyintervention by a government, price-setting monopoly, or other authority.

MENA: MiddleEastern and North African countriesEFTA: Iceland, Liechtenstein, Norway and Switzerland states Practical guidanceInan idealized free market economy, prices for goods and services are set freelyby the forces of supply and demand and are allowed to reach their point of equilibriumwithout intervention by government policy. Critics of the free market haveargued that, in real world situations, it has proven to be susceptible to thedevelopment of price fixing monopolies. Such reasoning hasled to government intervention.

Two prominent Canadian authors argue thatgovernment at times has to intervene to ensure competition in large andimportant industries. TheKingdom of Bahrain has also taken a place amongst the world’s besteconomies. Growing fast and strong, Bahrain is an example of a successfulfree market. Other than being rated one of the freest countries in theworld, it is also considered to have a high Human Development Index, a markerof a successful free economy. The2015 Index of Economic Freedom gave it a score of 73.

4, making it the 18thfreest in the world and the topmost in the MENA region. It is also the fourthin Asia, after Hong Kong, Singapore, Mauritius and Taiwan. ·                              The kingdom has a free andopen market which works on a demand and supply system. It has a free market economy, with no restrictions oncapital movements, foreign exchange, foreign trade or foreign investment. TheKingdom has a leading position in the region as an open, free, transparent andwelcoming environment for investors.

·                              It is a country wherein exists a free economicmarket, with only minor restrictions, for the welfare of the traders, consumersand the community at large.·                              The Ministry of Industry & Commerce, inparticular as the main organ of Government, is responsible for the registrationand supervision of businesses. It is responsible for a diverse range ofactivities which make up the commercial environment in Bahrain.·                              The Ministry’s aim is to ensure the maintenance ofan open, transparent and market driven commercial environment so as developBahrain’s economic competitiveness, and to encourage inward investment, at thesame time promoting employment for the local population.

·                              The other aspect of Bahrain’s free or open marketis its range of free trade agreements it has accrued. Bahrain has bilateraltrade agreements with over forty countries such as China, France, India and theUK. It has free trade agreements with Singapore, the EFTA states and 17 Arabstates. Most notably, Bahrain was the first country in the Middle East to forgea free trade agreement with the United States of America in 2004, which came tobe fully implemented in 2006. ·                              Bahrain also makes a mark in terms of fiscal freedom. The individual’s income is completely free of taxation and most businesses are alsoexempt from taxation. Within the kingdom, the foreigners are allowed to beabsolute owners of their businesses.

·                              The ‘ free and open market’ regulations in Bahrainalso allows Bahraini employers to ingress migrant labor.   The Department of Supply and Price controlTheMinister of Commerce, Agriculture and Economy and council of ministers, uponapproval, established the department of Supply and Price control. It lays downthe following law to determine prices and control them to maintain a culture offree market economy in the Kingdom of Bahrain.·                              The department of supply and price controlimplements the general policy of measures that prevent monopoly and obligetraders to adhere to the specified prices and not to manipulate the prices orquantities or control of local markets.·                              Propose the foundations for fair pricing andthe fight against unjustified reasons to raise them within the Kingdom ofBahrain.

The “ Price Control Committee” proposes the necessary meansto prevent price manipulation. It considers the complaints received from thepublic about the high prices. It functions to control price movements andstudies all that leads to the fight against high prices.

·                              It prohibits the practice of hoarding, i. e., working at artificially high prices, or the storage of quantities, orconstraining the sale or collection of the market, all with the intention ofkeeping them from trading in the markets or reduce the supply of them toachieve profit, which is not a natural result of the reality of supply anddemand.·                              It restricts traders and factory owners who tradeor produce goods that are appointed by a decision of the Minister of Commerce, Agriculture and Economy to refrain from practicing their trade or productionexcept with the authorization of the Minister of Commerce, Agriculture andEconomy.·                              If any public employee of a commercial orcooperative establishment unlawfully held goods which he has been entrusted tosell to the public or licensed to sell, conceal or sell to a person or topersons in excess of their needs, shall be liable to a punishment of animprisonment for a specified period (not exceeding six months) and a fine (notexceeding five hundred dinars).

·                              In case a person refrain from selling an unquotedor non-profitable commodity or to a purchaser of a commodity at a price higherthan the declared price of this commodity, he shall be liable to imprisonment (fora period not exceeding three months) and a fine (not exceeding two hundred andfifty dinars). The Consumer Protection LawThegovernment of Kingdom of Bahrain has also laid down its policies safeguardingfree market practice in the Consumer Protection Law 35 of 2012 under theregulations of the Ministry of Industry, Commerce and Tourism. It advocates theareas of rightful government interference in the market economy to ensure thewell-being of the community at large.  ConsumerProtection Directorate in Industry, Commerce and Tourism Ministry announcedthat it seized 21 stores that had been proven to store and refrained fromselling cigarettes to the public and took the required legal and administrativeprocedures against, and referred their owners to the Public Prosecution.

This action was linked to the context of thedirectorate’s legal obligation to prevent monopoly and collusion in accordancewith the Consumer Protection Law 35 of 2012 and in particular concerningcompetition and monopoly controls and violations. Theaim is to facilitate the consumer to obtain products at reasonable quality andsuitable price in addition to protecting him from commercial frauds and harmfulmonopolistic practices. For this purpose, it shall implement the general policyconcerning the measures ensuring the protection of free competition. ·                              It has been laid down that manipulating theprices of products being traded by increasing or reducing them withoutjustification shall be prohibited. ·                              Prohibition of Restricting the free flow of productsto the markets or procuring the total or partial disappearance thereof byunlawfully concealing or storing or refraining from trading in them.

·                              Artificially creating a sudden abundance of productsresulting in selling them at an unreal price that affects the economies of theremaining competitors and concealing the available products in the marketeither totally or partially from a certain person is prohibited.·                              The act of concealing the necessary information ormisleading with regard to a certain product is prohibited under the consumerprotection law.·                              Excluded from such prohibition shall be agreementsthat restrict competition designed to result in reduction of costs orimprovement of production or distribution conditions where the benefit to the consumeris far more than the effects of reduction of free competition subject to therules and guidelines laid down in the Implementing Regulation of this Law.·                              The officers designated by the Minister to ensure theimplementation of the provisions of this Law and the resolutions issued for itsimplementation shall have the power to enter the relevant premises.·                              Officers who are designated by the Minister of Justicein agreement with the Minister shall have judicial summary powers in respect ofthe offences that take place within the ambit of their powers and where theyrelate to their job duties.

Statements drawn up in respect of such offencesshall be referred to the Public Prosecution by a resolution of the Minister oranyone authorised by him.·                              Penalties similar to a prison sentence (for a periodof no more than five years) and a fine (not exceeding five thousand Dinars)shall be inflicted upon anyone who violates the provision of this law. Related contentLegislationDecree number (18) forthe year 1975 to determine prices and controlLawNo. 35 of 2012 concerning Consumer Protection