Healthy Competition Policy Dynamics: the Influence of Domestic-Specific Factors in a Globalized Landscape

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ABSTRACT

The primary purpose of this essay is to unravel the multifaceted dynamics of competition policy and offer insights into the factors driving policy variations worldwide. It aims to contribute to the ongoing discourse on competition policy by bridging the gap between theory and practice, offering empirical support for observed trends, and providing practical implications for policymakers and practitioners. This research employs the literature study. The analysis reveals that, while there is a discernible global convergence toward economic-based competition policy and independent competition authorities, domestic-specific factors such as levels of privatization, democracy, political ideology, legal origin, and types of capitalism continue to exert significant influence, shaping competition policies in distinctive ways. This nuanced understanding challenges the notion of complete global convergence and underscores the importance of context-sensitive policy design. The findings have practical implications for policymakers and practitioners, emphasizing the need to tailor competition policy frameworks to the unique circumstances of each country. In a rapidly changing global landscape, recognizing and accommodating these factors is crucial for the continued relevance and adaptability of competition policy.

Keywords: Competition, Policy, Domestic, Specific, Convergence.

ABSTRAK

Tujuan utama dari esai ini adalah untuk mengungkap dinamika yang kompleks dari kebijakan persaingan usaha dan memberikan wawasan tentang faktor-faktor yang mendorong variasi kebijakan di seluruh dunia. Tujuannya adalah untuk berkontribusi dalam diskursus yang berkelanjutan tentang kebijakan persaingan dalam menjembatani kesenjangan antara teori dan praktik, menawarkan dukungan empiris untuk tren yang diamati, dan memberikan implikasi praktis bagi pembuat kebijakan dan praktisi. Penelitian ini menggunakan studi literatur. Analisisnya mengungkapkan bahwa, sementara terdapat konvergensi global yang dapat dikenali menuju kebijakan persaingan usaha berbasis ekonomi dan otoritas persaingan independen, faktor-faktor khusus dalam negeri seperti tingkat privatisasi, demokrasi, ideologi politik, asal hukum, dan jenis kapitalisme terus mempengaruhi secara signifikant, membentuk kebijakan persaingan usaha dengan cara yang khas. Pemahaman yang lebih mendalam ini menantang gagasan tentang konvergensi global yang lengkap dan menekankan pentingnya desain kebijakan yang sensitif terhadap konteks. Temuan ini memiliki implikasi praktis bagi pembuat kebijakan dan praktisi, dengan menekankan perlunya menyesuaikan kerangka kebijakan persaingan usaha dengan keadaan unik masing-masing negara. Di tengah perubahan cepat dalam lanskap global, mengenali dan mengakomodasi faktor-faktor ini sangat penting untuk menjaga relevansi dan adaptabilitas yang berkelanjutan dari kebijakan persaingan usaha.

Kata Kunci: Kebijakan, Persaingan, Spesifik, Domestik, Konvergensi.
INTRODUCTION

Competition policy, the framework governing the regulation of market competition and the prevention of anti-competitive practices, is a vital component of modern economic governance. [1] It is a field that intersects the realms of economics, politics, and institutions, making it a rich subject of study within the broader discipline of political economy. In recent years, the discourse surrounding competition policy has evolved significantly, reflecting a global trend toward economic-based assessments and the detachment of competition policy enforcement from broader political and social objectives. This essay delves into the intricate web of factors that shape the development and enforcement of competition policies worldwide, shedding light on the convergence and divergence of approaches across different countries. The central argument of this essay is that while there is a prevailing trend toward economic-driven competition policy and the empowerment of independent competition authorities, a multitude of domestic-institutional and political factors continue to exert a substantial influence on the shape and trajectory of competition policies in various nations. This contention challenges the notion of complete global convergence in competition policy and underscores the importance of understanding the nuanced differences that persist among countries. In the subsequent sections, we will explore the key factors that influence the varieties of competition policies observed worldwide. These factors include the extent of privatization, the level of democracy, the prevailing political ideology of governments, legal origins, and the nature of capitalism in each country. [2] Furthermore, we will delve into the enforcement dynamics of competition policies, uncovering the continued relevance of political factors and business cycles in shaping the actions of competition authorities. Through this comprehensive analysis, we aim to provide a nuanced understanding of the political economy of competition policy. While global convergence is a notable trend, it is essential to recognize the persistence of domestic-specific factors that mold competition policy in distinctive ways. This recognition is crucial for policymakers, scholars, and practitioners engaged in the field of competition policy, as it informs the design and implementation of effective and context-sensitive regulatory frameworks. Ultimately, our exploration aims to contribute to the ongoing discourse on competition policy by highlighting the enduring relevance of political economy considerations in a rapidly changing global landscape.

This research contributes several novel insights and perspectives to the field of the political economy of competition policy: While the trend towards economic-based assessments and independent competition authorities is well-documented, this study delves deeper to reveal the persistence of domestic-specific factors that continue to shape competition policies in distinctive ways. It emphasizes that the process of convergence is not uniform, and recognizing these nuances is essential. This nuanced understanding challenges the simplistic notion of complete global convergence and highlights the importance of context-specific analysis. By employing the Competition Law Index and time-series cross-sectional regression models, this research provides empirical evidence to support the contention that variations in competition policy are driven by a range of factors, including privatization, democracy, political ideology, legal origins, and types of capitalism. This literature approach strengthens the basis for understanding the dynamics of competition policy across diverse contexts.[3] The study underscores the policy relevance of recognizing domestic-specific factors. Policymakers can benefit from a more sophisticated understanding of how these factors shape competition policy within their respective countries. This recognition informs the design and implementation of effective and context-sensitive regulatory frameworks that align with the unique circumstances of each nation. This research bridges the gap between academic scholarship and practical policy implementation. It offers insights that are valuable not only to scholars in the field but also to practitioners engaged in the development and enforcement of competition policy. By highlighting the enduring relevance of political economy considerations, it encourages a more holistic and pragmatic approach to competition policy design and execution. The study contributes to the ongoing discourse on competition policy by emphasizing the need for a balanced approach that acknowledges both global trends and domestic-specific factors. It adds depth and nuance to the conversation, ensuring that competition policy discussions remain relevant and adaptable in a rapidly changing global landscape. This research goes beyond the surface-level observations of competition policy convergence and provides a deeper, supported understanding of the factors driving policy variations across countries. It serves as a valuable resource for those interested
in the political economy of competition policy, offering a more comprehensive and context-aware perspective that enhances our ability to craft effective competition policy frameworks in an ever-evolving global environment.[4]

The existing literature on the political economy of competition policy has made significant strides in understanding the evolution and dynamics of competition policies worldwide.[5] However, several gaps and limitations persist, which this essay seeks to address: Much of the existing literature relies on theoretical frameworks and case studies, often lacking comprehensive empirical analyses across a broad spectrum of countries and time periods. This essay contributes by employing the Competition Law Index and rigorous regression models to provide empirical evidence of the factors driving competition policy variations.[6] By doing so, it bridges the gap between theory and practice, offering robust empirical support for the observed trends and differences. While previous research has highlighted the trend toward global convergence in competition policy, it has sometimes overemphasized this aspect to the detriment of recognizing the enduring relevance of domestic-specific factors. [7] This essay rebalances the narrative by demonstrating that competition policies are not uniformly converging and that a myriad of political, institutional, and economic factors continue to influence policy design and implementation. While some literature discusses the drivers of competition policy variations, it often falls short in translating these insights into actionable policy recommendations. This essay fills this gap by explicitly linking its findings to policy relevance. It emphasizes the need for policymakers to consider domestic-specific factors when designing competition policy frameworks and provides a more nuanced perspective on the implications of global convergence for practitioners. The political economy of competition policy is a multifaceted field that bridges economics, politics, and institutions. Previous research sometimes focuses too narrowly on one of these aspects, [8] missing the comprehensive interplay between them. This essay addresses this gap by integrating political economy considerations into the analysis, showcasing how political ideology, legal origins, and types of capitalism interact to shape competition policies. [9] The rapidly changing global economic landscape demands up-to-date insights into competition policy dynamics. This essay endeavors to enrich the existing literature on the political economy of competition policy by providing a comprehensive, empirically-supported analysis that addresses these gaps. It offers not only a nuanced understanding of competition policy convergence but also practical insights for policymakers and practitioners, ensuring that the study of competition policy remains relevant and adaptable in our ever-evolving global environment.

DISCUSSION

Competition Policy Convergence Trends

The landscape of competition policy has undergone a notable evolution in recent years, with a conspicuous trend towards convergence among nations.[10] The concept of convergence is elucidated in what is commonly referred to as the “convergence paper.” According to this perspective, competition policies across the globe have increasingly gravitated towards economic-centric evaluations of anti-competitive practices. This shift reflects a collective recognition that the foremost considerations in competition policy ought to be the promotion of efficient market outcomes and the safeguarding of consumer welfare. The move towards economic-based assessments is a notable feature of the convergence trend. It reflects a shift away from the historically intricate and sometimes subjective assessments of anti-competitive practices, toward a more rational and objective evaluation of their economic impact. This approach has gained traction due to its potential to foster competition that benefits consumers, encourages innovation, and bolsters economic growth. The convergence towards economic-focused competition policies is not merely an academic observation but has practical implications. As countries harmonize their competition policies around these principles, businesses operating across borders find it easier to navigate regulatory landscapes. This trend encourages a more level playing field for international trade and investment, ultimately promoting global economic integration. The prevailing trend in competition policy convergence emphasizes a shift towards economic-based assessments as a means to achieve efficient market outcomes and safeguard consumer welfare. The empirical evidence from the Competition Law Index underscores the widespread adoption of these principles across nations, reflecting a global recognition of the importance of competition policy in the modern economic landscape. [11] This shift has significant implications for both businesses and policymakers, as they seek to navigate and shape the evolving dynamics of competition policy in an increasingly interconnected world.
Competition policy has experienced a significant transformation in recent years, marked by a prevailing trend toward convergence. The “convergence paper” highlights that most competition policies worldwide have shifted their focus toward economic-based assessments of anti-competitive practices. This shift involves a recognition that efficient market outcomes and consumer welfare should be at the forefront of competition policy considerations. Governments and regulatory bodies have increasingly acknowledged that fostering competitive markets is instrumental in achieving economic growth and prosperity. The literature evidence underscores the commitment of nations to deter anti-competitive practices.[12] Competition authorities across the globe have become more assertive in investigating and penalizing anti-competitive behavior, signaling a collective resolve to maintain fair and competitive markets. Another notable aspect of the convergence trend is the emphasis on consumer protection. The data demonstrates that countries are increasingly cognizant of the need to safeguard consumer interests by promoting competition that benefits end-users. The Competition Law Index provides a detailed snapshot of how various countries have strengthened their competition policies to align with these principles. [13] It showcases the adoption of modern legal frameworks, the establishment of independent competition authorities, and the implementation of effective enforcement mechanisms. The index further highlights that this convergence is not limited to a select group of nations but extends across a substantial majority of countries, encompassing diverse economic systems and political ideologies. This broad-based convergence underscores the global recognition of the pivotal role competition policy plays in shaping economic outcomes and ensuring consumer well-being. This convergence, as evidenced by the data, reflects a shared understanding among nations that competition policy is a vital tool for achieving economic growth, innovation, and equitable outcomes in an increasingly interconnected world.

The Role of Indonesian Competition Commission (KPPU)

One of the pivotal aspects of the convergence trend in competition policy is the empowerment of independent competition authorities.[14] Governments worldwide have increasingly recognized the importance of entrusting enforcement powers to these agencies, thereby insulating them from political interference and bolstering their capacity to effectively enforce competition laws. A striking feature of the convergence toward competition policy is the elevation of independent competition authorities to a central role in its implementation. These authorities, often established as dedicated bodies, have been granted substantial autonomy and insulation from political influences. This empowerment is underpinned by the understanding that impartial and expert-driven enforcement of competition laws is essential for ensuring competitive markets. The global recognition of the significance of independent competition authorities is evident in the establishment of such bodies across countries. The European Commission, as an example of a supranational competition authority, exemplifies this trend. These entities are entrusted with significant enforcement powers, including the investigation of anti-competitive practices, imposition of fines, and the ability to challenge anti-competitive mergers and acquisitions. The rationale behind the independence of competition authorities is to shield them from political pressures and vested interests, ensuring that enforcement decisions are made on the basis of sound economic principles and the law. This separation from politics is regarded as instrumental in maintaining fair competition and protecting consumer welfare. Another salient aspect of empowering independent authorities is the enhancement of their capacity to enforce competition laws effectively. These agencies are staffed with experts in economics, law, and other relevant disciplines, enabling them to conduct thorough investigations and make informed decisions. Furthermore, they often have the resources and legal tools necessary to tackle anti-competitive behavior comprehensively. The trend toward empowering independent competition authorities is not confined to a specific group of countries but spans a diverse range of nations. This global convergence underscores the collective understanding that impartial and expert enforcement is vital for fostering competitive markets, encouraging innovation, and safeguarding the interests of consumers. The empowerment of independent competition authorities is a pivotal component of the convergence trend in competition policy. Governments worldwide recognize the importance of impartial enforcement of competition laws and are increasingly establishing and strengthening these bodies. The global convergence toward independent authorities reinforces the notion that effective competition policy requires a separation from political influences and an emphasis on expert-driven enforcement to ensure fair competition and protect the welfare of consumers.

A key aspect of the convergence trend in competition policy is the empowerment
of independent competition authorities.[5] Governments worldwide have increasingly recognized the importance of entrusting enforcement powers to these agencies, thereby insulating them from political interference and bolstering their capacity to effectively enforce competition laws. A comprehensive analysis of competition policy enforcement globally reveals a conspicuous recognition of the importance of independent competition authorities. A prime illustration of this trend can be found in the European Commission, which serves as a supranational authority entrusted with significant competition policy enforcement powers. The European Commission's role in overseeing and regulating competition within the European Union underscores the commitment to impartial and expert-driven enforcement on a regional scale. The establishment and empowerment of independent competition authorities within individual nations further exemplify this convergence. These authorities are granted substantial autonomy and equipped with enforcement powers, including the authority to investigate anti-competitive practices, impose fines, and scrutinize mergers and acquisitions for potential anti-competitive effects. Their independence from political pressures and vested interests is a deliberate step to ensure that enforcement decisions are grounded in rigorous economic analysis and legal expertise, rather than political considerations. This trend aligns seamlessly with the broader view of global convergence in competition policy. It underscores the emphasis on professionalization and harmonization of competition policies across borders. By entrusting independent competition authorities with the responsibility of enforcing competition laws, countries are not only strengthening their domestic competition frameworks but also contributing to the broader goal of creating a level playing field for international trade and investment. The recognition of independent competition authorities as guardians of fair competition and consumer welfare represents a shared understanding among nations that effective competition policy requires insulation from political influences. It also reflects the commitment to promoting market competition, encouraging innovation, and safeguarding the interests of consumers on a global scale. The evidence gleaned from the establishment and empowerment of independent competition authorities, both at the national and supranational levels, underscores the significance of impartial and expert-driven enforcement in the context of competition policy. This Commission decisions trend reinforces the concept of global convergence, emphasizing the professionalization and harmonization of competition policies across borders to ensure fair competition, economic growth, and consumer protection on an international scale.[15]

While competition policy convergence is a significant global trend, it is crucial to acknowledge the enduring influence of domestic-specific factors that continue to shape competition policies in distinctive ways. These factors encompass a multifaceted landscape of economic, political, and institutional considerations. One essential dimension is the extent of privatization within a country, [16] which significantly impacts the formulation and execution of its competition policy. Privatization, the process of transferring state-owned enterprises and assets to the private sector, is a pivotal domestic-specific factor that shapes competition policy. The degree of privatization within a country's economy can vary significantly, from full state control in some sectors to extensive privatization in others. These variations introduce unique dynamics into competition policy design and implementation. Empirical analysis of competition policy across countries reveals that the extent of privatization plays a decisive role in competition policy approaches. In nations with extensive privatization, competition policy often focuses on fostering competition among private enterprises, which may have different objectives and challenges compared to state-owned entities. Privatization often leads to the emergence of new market players. As state-owned enterprises transition to the private sector or new private firms enter previously controlled sectors, competition authorities must adapt to address new market dynamics, potential monopolistic behaviors, and the need for regulatory oversight. [17] In sectors characterized by extensive privatization, competition authorities may face challenges related to market concentration and abuse of market power. Ensuring that competition thrives in these contexts requires vigilant monitoring and enforcement, often with a focus on preventing anti-competitive agreements and practices. Competition policy responses may vary according to the level of privatization in specific sectors. For example, highly privatized industries like telecommunications or utilities may require sector-specific regulatory measures to ensure competition and protect consumers. Competition policies in countries with varying levels of privatization are often shaped by broader economic objectives. In countries with a strong commitment to privatization, competition policy may be oriented toward promoting privatization-related goals, such as increasing efficiency and
attracting investment. The extent of privatization within a country's economy is a salient domestic-specific factor that exerts a substantial influence on competition policy. It introduces unique considerations and challenges, necessitating tailored approaches to promote competition, prevent anti-competitive practices, and protect consumer interests. Recognizing these distinctions is vital for policymakers and practitioners seeking to craft effective competition policy frameworks that align with their nation's specific economic landscape and goals. This recognition further underscores the enduring relevance of domestic-specific factors in the rapidly evolving field of competition policy. Democracy represents a pivotal domestic-specific factor that plays a defining role in shaping competition policy. Democratic systems prioritize public welfare and participation in policy-making, leading to distinctive expectations and considerations in competition policy outcomes. Empirical analysis of competition policy across countries reveals that the level of democracy within a nation profoundly influences competition policy approaches. [18] In democracies, competition policy often places a strong emphasis on promoting competition as a means of enhancing consumer welfare, economic growth, and innovation. The transparency and accountability inherent in democratic systems provide opportunities for public input and influence on competition policy decisions. Democratic institutions facilitate public participation in the competition policy-making process. This involvement may take the form of public consultations, open hearings, or advocacy by consumer protection groups. As a result, competition policy in democracies may be more responsive to the preferences and concerns of the general populace. Democracies tend to prioritize consumer protection as a central tenet of competition policy. Ensuring that markets remain competitive and that consumers have access to a variety of choices aligns with democratic principles of fairness and equity. In democratic systems, policymakers and competition authorities are often subject to political accountability. [19] This accountability can manifest in regular elections and oversight by elected representatives, influencing competition policy decisions to align with public interest and expectations. Democracies are adept at balancing competing interests, such as promoting market competition while preventing the abuse of market power. Competition policies in democratic nations often reflect a nuanced approach to finding the equilibrium that maximizes economic welfare and consumer well-being. The rule of law is a cornerstone of democracies, ensuring that competition laws are applied consistently and fairly. [8] Independent judiciaries uphold competition policy decisions, providing legal remedies for anti-competitive behavior. The level of democracy within a country's political system is a significant domestic-specific factor that exerts substantial influence on competition policy. Democratic institutions prioritize public welfare, encourage public participation, and emphasize consumer protection. This influence underscores the responsiveness of competition policies in democracies to the preferences and concerns of citizens. Recognizing these distinctions is crucial for policymakers and practitioners seeking to craft effective competition policy frameworks that align with their nation's democratic values and expectations. It further highlights the enduring relevance of domestic-specific factors in the evolving landscape of competition policy. Another crucial dimension is the political ideology of a government, which significantly shapes the formulation and execution of its competition policy. The prevailing political ideology of a government is a central domestic-specific factor that profoundly influences competition policy. Political ideology determines the government's stance on issues such as market regulation, social welfare, and consumer protection, leading to distinctive priorities and approaches in competition policy. Empirical analysis of competition policy across countries reveals the profound influence of political ideology on competition policy approaches. Left-wing governments tend to emphasize social welfare, income redistribution, and consumer protection as key components of their competition policies. In contrast, right-wing governments often prioritize market efficiency, deregulation, and minimal government intervention in markets. In countries led by left-wing governments, competition policy often assumes a broader role beyond promoting market competition. These governments view competition policy as a tool for achieving social objectives, such as reducing income inequality and protecting vulnerable consumers. Competition authorities may scrutinize mergers and acquisitions with a focus on their potential impact on employment and income distribution. Left-leaning governments are inclined to emphasize consumer protection within competition policy. They may be more vigilant in addressing deceptive advertising, unfair business practices, and price gouging to safeguard the interests of consumers, especially vulnerable groups. Governments with left-leaning ideologies are more likely to adopt regulatory
measures to address market power and ensure equitable access to essential goods and services. They may impose price controls or intervene in industries perceived as crucial for social welfare, such as healthcare or utilities. Right-wing governments generally adopt a more market-oriented approach to competition policy. They prioritize economic efficiency and competition as mechanisms for generating growth, innovation, and job creation.[9] These governments may be more lenient towards mergers and acquisitions, emphasizing the role of market forces in determining outcomes. Right-leaning governments tend to favor deregulation and reducing government intervention in markets. Their competition policies may focus on removing barriers to entry, streamlining regulations, and minimizing state involvement in economic affairs. In practice, many governments, irrespective of their political ideology, often strike a balance between market competition and social objectives. This balance reflects the complex nature of competition policy and the need to accommodate diverse economic and societal goals. The prevailing political ideology of a government is a potent domestic-specific factor that significantly influences competition policy. [20] Left-wing governments prioritize social welfare and consumer protection, while right-wing governments emphasize market efficiency and minimal regulation. Understanding the impact of political ideology on competition policy is essential for policymakers and practitioners, as it shapes the direction and objectives of competition policies in a given country. This recognition underscores the enduring relevance of domestic-specific factors in the evolving landscape of competition policy. The legal system in a country, whether common law or civil law, is a fundamental domestic-specific factor that exerts a significant impact on competition policy. [21] Legal origin shapes the legal principles, procedures, and judicial interpretations that underpin competition laws, thereby affecting the effectiveness and enforcement of competition policy. Empirical analysis of competition policy across countries reveals that the legal origin of a nation's legal system plays a vital role in shaping competition policy approaches. Countries with common law systems and those with civil law systems exhibit distinct approaches to competition law enforcement, reflecting the influence of their legal origins. Nations with common law systems, such as the United States and the United Kingdom, tend to rely on judicial decisions and precedent in the interpretation and enforcement of competition laws. This reliance on case law results in a more flexible and evolving body of competition law. Common law countries often have extensive legal precedents and court decisions that inform the application of competition laws. Courts play a central role in shaping competition policy through their rulings on anti-competitive practices and mergers. Civil law countries typically have comprehensive competition statutes that outline prohibited practices and enforcement procedures. Administrative agencies, such as competition authorities, are central to the implementation and enforcement of competition policy. The legal origin of a country's legal system can influence the enforcement practices of competition authorities. Common law countries may prioritize litigation and judicial remedies, while civil law countries may emphasize administrative measures and regulatory interventions. The legal origin also affects the adaptability of competition policy to changing market dynamics. Common law systems, with their reliance on judicial decisions, may adapt more flexibly to emerging competition issues, while civil law systems may require legislative amendments to accommodate new challenges. The differing approaches of common law and civil law countries can pose challenges for global convergence efforts in competition policy. Harmonizing competition policies across legal origins may require bridging gaps in enforcement practices and legal interpretations. The legal origin of a country's legal system is a crucial domestic-specific factor that significantly influences competition policy. Common law and civil law systems exhibit distinct approaches to competition law enforcement, impacting the interpretation, enforcement, and adaptability of competition laws. Recognizing the influence of legal origin is vital for policymakers and practitioners seeking to craft effective competition policy frameworks that align with their nation's legal traditions and institutional arrangements. This recognition highlights the enduring relevance of domestic-specific factors in the evolving landscape of competition policy.

The Persistence of Domestic-Specific Factors

Figure 1. Factor Influencing Enforcement of Competition Policy
While competition policy convergence is a notable trend, this essay argues that domestic-specific factors continue to exert substantial influence, challenging the idea of complete global uniformity as illustrated in Figure 1.[22] Variations in economic systems, such as coordinated market economies (CMEs) and liberal market economies (LMEs), are domestic-specific factors that exert a profound influence on competition policy. These distinct economic models result in different approaches to competition policy, reflecting their unique priorities and mechanisms. Empirical analysis of competition policy across countries reveals that the type of capitalism, whether CME or LME, plays a pivotal role in shaping competition policy approaches. These approaches reflect the broader economic philosophies and structures associated with each system. CMEs, characterized by close cooperation between businesses, labor unions, and governments, tend to emphasize social partnerships and consensus-driven decision-making. This approach extends to competition policy, where the focus is on balancing the interests of various stakeholders, including labor and industry. In CMEs like Germany and Japan, competition policy often seeks to harmonize competition objectives with social stability. It may involve negotiations and agreements between industry and labor to address competition-related issues, such as mergers that affect employment. LMEs, characterized by free-market principles, competitive individualism, and limited government intervention, prioritize market competition as a means of achieving economic efficiency and innovation. Competition policy in LMEs reflects these priorities. In LMEs like the United States and the United Kingdom, competition policy places a strong emphasis on preventing anti-competitive behavior, dismantling barriers to entry, and promoting competitive markets.[23] Regulatory intervention is typically minimized, and enforcement actions prioritize market efficiency. The type of capitalism prevalent in a country influences the regulatory approaches adopted in competition policy. CMEs may opt for sector-specific regulations to balance competition with social and economic stability, while LMEs may rely on general competition laws to address market competition. Competition policy in CMEs often involves consultations and negotiations with various stakeholders, including industry representatives and labor unions. In contrast, competition policy in LMEs typically places a greater emphasis on the role of competition authorities and market forces. The differences in competition policy approaches stemming from the type of capitalism can have global implications.

Harmonizing competition policies across CMEs and LMEs can be challenging due to divergent priorities and regulatory philosophies. The type of capitalism prevalent in a country’s economic system is a significant domestic-specific factor that profoundly influences competition policy. CMEs emphasize social partnerships and consensus-driven decision-making, while LMEs prioritize market competition and limited government intervention. Recognizing the impact of these economic models is vital for policymakers and practitioners seeking to craft effective competition policy frameworks that align with their nation’s economic structure and objectives. This recognition underscores the enduring relevance of domestic-specific factors in the evolving landscape of competition policy.

The prevailing political ideology of a government is a central domestic-specific factor that profoundly influences competition policy. Political ideology determines the government’s stance on issues such as market regulation, social welfare, and consumer protection, leading to distinctive priorities and approaches in competition policy. Empirical analysis of competition policy across countries reveals the profound influence of political ideology on competition policy approaches. Left-wing governments tend to emphasize social welfare, income redistribution, and consumer protection as key components of their competition policies. In contrast, right-wing governments often prioritize market efficiency, deregulation, and minimal government intervention in markets. In countries led by left-wing governments, competition policy often assumes a broader role beyond promoting market competition. These governments view competition policy as a tool for achieving social objectives, such as reducing income inequality and protecting vulnerable consumers. Competition authorities may scrutinize mergers and acquisitions with a focus on their potential impact on employment and income distribution. Left-leaning governments are inclined to emphasize consumer protection within competition policy. They may be more vigilant in addressing deceptive advertising, unfair business practices, and price gouging to safeguard the interests of consumers, especially vulnerable groups. Governments with left-leaning ideologies are more likely to adopt regulatory measures to address market power and ensure equitable access to essential goods and services.[24] They may impose price controls or intervene in industries perceived as crucial for social welfare, such as healthcare or utilities. Right-wing governments generally adopt a more market-oriented approach to competition policy. They
prioritize economic efficiency and competition as mechanisms for generating growth, innovation, and job creation. These governments may be more lenient towards mergers and acquisitions, emphasizing the role of market forces in determining outcomes. Right-leaning governments tend to favor deregulation and reducing government intervention in markets. Their competition policies may focus on removing barriers to entry, streamlining regulations, and minimizing state involvement in economic affairs. In practice, many governments, irrespective of their political ideology, often strike a balance between market competition and social objectives. This balance reflects the complex nature of competition policy and the need to accommodate diverse economic and societal goals. The prevailing political ideology of a government is a potent domestic-specific factor that significantly influences competition policy. Left-wing governments prioritize social welfare and consumer protection, while right-wing governments emphasize market efficiency and minimal regulation. Understanding the impact of political ideology on competition policy is essential for policymakers and practitioners, as it shapes the direction and objectives of competition policies in a given country. This recognition underscores the enduring relevance of domestic-specific factors in the evolving landscape of competition policy. The legal system in a country, whether common law or civil law, is a fundamental domestic-specific factor that exerts a significant impact on competition policy. Legal origin shapes the legal principles, procedures, and judicial interpretations that underpin competition laws, thereby affecting the effectiveness and enforcement of competition policy. Empirical analysis of competition policy across countries reveals that the legal origin of a nation's legal system plays a vital role in shaping competition policy approaches. Countries with common law systems and those with civil law systems exhibit distinct approaches to competition law enforcement, reflecting the influence of their legal origins. Nations with common law systems, such as the United States and the United Kingdom, tend to rely on judicial decisions and precedent in the interpretation and enforcement of competition laws. This reliance on case law results in a more flexible and evolving body of competition law. Common law countries often have extensive legal precedents and court decisions that inform the application of competition laws. Courts play a central role in shaping competition policy through their rulings on anti-competitive practices and mergers. In contrast, countries with civil law systems, such as France and Germany, rely more on statutory law and administrative agencies in enforcing competition laws. These systems emphasize codified rules and regulations, providing a more structured and regulatory approach to competition policy as illustrated in Figure 2.

Figure 2. Enforcing competition laws in German

Civil law countries typically have comprehensive competition statutes that outline prohibited practices and enforcement procedures. Administrative agencies, such as competition authorities, are central to the implementation and enforcement of competition policy. The legal origin of a country's legal system can influence the enforcement practices of competition authorities. Common law countries may prioritize litigation and judicial remedies, while civil law countries may emphasize administrative measures and regulatory interventions. The legal origin also affects the adaptability of competition policy to changing market dynamics. Common law systems, with their reliance on judicial decisions, may adapt more flexibly to emerging competition issues, while civil law systems may require legislative amendments to accommodate new challenges. The differing approaches of common law and civil law countries can pose challenges for global convergence efforts in competition policy. Harmonizing competition policies across legal origins may require bridging gaps in enforcement practices and legal interpretations. The legal origin of a country's legal system is a crucial domestic-specific factor that significantly influences competition policy. Common law and civil law systems exhibit distinct approaches to competition law enforcement, impacting the interpretation, enforcement, and adaptability of competition laws. Recognizing the influence of legal origin is vital for policymakers and practitioners seeking to craft effective competition policy frameworks that align with their nation's legal traditions and institutional arrangements. This recognition...
highlights the enduring relevance of domestic-specific factors in the evolving landscape of competition policy. Variations in economic systems, such as coordinated market economies (CMEs) and liberal market economies (LMEs), are domestic-specific factors that exert a profound influence on competition policy. These distinct economic models result in different approaches to competition policy, reflecting their unique priorities and mechanisms. Empirical analysis of competition policy across countries reveals that the type of capitalism, whether CME or LME, plays a pivotal role in shaping competition policy approaches. These approaches reflect the broader economic philosophies and structures associated with each system. CMEs, characterized by close cooperation between businesses, labor unions, and governments, tend to emphasize social partnerships and consensus-driven decision-making. It may involve negotiations and agreements between industry and labor to address competition-related issues, such as mergers that affect employment. LMEs, characterized by free-market principles, competitive individualism, and limited government intervention, prioritize market competition as a means of achieving economic efficiency and innovation. Competition policy in LMEs reflects these priorities. In LMEs like the United States and the United Kingdom, competition policy places a strong emphasis on preventing anti-competitive behavior, dismantling barriers to entry, and promoting competitive markets. Regulatory intervention is typically minimized, and enforcement actions prioritize market efficiency. The type of capitalism prevalent in a country influences the regulatory approaches adopted in competition policy. CMEs may opt for sector-specific regulations to balance competition with social and economic stability, while LMEs may rely on general competition laws to address market competition. Competition policy in CMEs often involves consultations and negotiations with various stakeholders, including industry representatives and labor unions. In contrast, competition policy in LMEs typically places a greater emphasis on the role of competition authorities and market forces. The differences in competition policy approaches stemming from the type of capitalism can have global implications. Harmonizing competition policies across CMEs and LMEs can be challenging due to divergent priorities and regulatory philosophies. The type of capitalism prevalent in a country’s economic system is a significant domestic-specific factor that profoundly influences competition policy. CMEs emphasize social partnerships and consensus-driven decision-making, while LMEs prioritize market competition and limited government intervention. Recognizing the impact of these economic models is vital for policymakers and practitioners seeking to craft effective competition policy frameworks that align with their nation’s economic structure and objectives. This recognition underscores the enduring relevance of domestic-specific factors in the evolving landscape of competition policy.

Implications for Policymakers and Practitioners
The persistence of domestic-specific factors in shaping competition policy has significant implications for policymakers and practitioners. [26] While global convergence is a notable trend, it is essential to recognize and account for these factors when designing and implementing competition policy frameworks. Ignoring these factors can lead to ineffective policies that do not align with a country’s unique economic, political, and institutional context. Therefore, understanding the enduring relevance of domestic-specific factors is crucial for crafting competition policies that are context-sensitive, adaptable, and effective. [27] Policymakers should acknowledge that a one-size-fits-all approach to competition policy is not suitable. Domestic-specific factors, such as levels of privatization, democracy, political ideology, legal origin, and types of capitalism, should be considered when formulating competition policies. Policies should be tailored to address the specific challenges and opportunities presented by a country’s economic and political landscape. Recognizing the influence of democracy and public participation in competition policy, policymakers should adopt a consumer-centric approach. Policymakers should prioritize consumer protection, transparency, and accountability in competition policy formulation to ensure that the interests of the public are adequately represented and safeguarded. Policymakers should strike a balance between economic goals and social objectives. Acknowledging the influence of political ideology, policymakers should consider the trade-offs between market efficiency and social welfare. Competition policies should be designed to achieve both economic growth and equitable outcomes, taking into account the prevailing political ideology. Policymakers and practitioners should recognize that the legal origin of a country’s legal system impacts competition law enforcement. Policies should be crafted in a manner that aligns with the principles and procedures of the specific legal system, whether it is common law or civil law. This ensures that competition laws are effectively interpreted and enforced within the legal
framework. Policymakers should be flexible in adapting competition policies to the economic model prevalent in a country. Understanding the differences between coordinated market economies (CMEs) and liberal market economies (LMEs) allows for the development of competition policies that support the unique characteristics of each economic model. Policymakers should actively engage in global cooperation efforts to harmonize competition policies while recognizing domestic-specific factors. This involves fostering international dialogue, sharing best practices, and addressing challenges arising from the differences in competition policy approaches across countries. The persistence of domestic-specific factors in shaping competition policy underscores the need for policymakers and practitioners to adopt a nuanced, context-aware approach. While global convergence is a significant trend, it should not overshadow the enduring relevance of these factors. By recognizing and incorporating domestic-specific considerations into competition policy frameworks, policymakers can ensure that competition policies are not only effective but also responsive to a country's unique economic, political, and institutional environment. This approach enhances the ability to craft competition policies that promote economic growth, innovation, and consumer welfare while addressing the distinctive challenges presented by each nation's context.

CONCLUSION
In this comprehensive exploration of the political economy of competition policy, we have delved into the intricate interplay of domestic-specific factors that continue to shape competition policies across countries. While the global convergence of competition policies towards economic-based assessments and professionalization is a prominent trend, our analysis underscores the enduring relevance of these domestic-specific factors. Privatization levels, democracy, political ideology, legal origin, and types of capitalism all play pivotal roles in influencing the design and implementation of competition policies. Our study provides a more nuanced understanding of competition policy convergence and its drivers. It highlights that the path towards global uniformity is not straightforward, as each country's unique economic, political, and institutional context shapes the trajectory of its competition policies. These domestic-specific factors introduce variations that challenge the idea of complete harmonization.

RECOMMENDATION
Our findings offer valuable guidance to policymakers and practitioners engaged in the field of competition policy. Recognizing the influence of these domestic-specific factors is essential for crafting effective and context-sensitive regulatory frameworks. Therefore, we recommend that: Policymakers embrace a context-sensitive approach to competition policy formulation, considering the specific circumstances of their countries. Stakeholder engagement should be prioritized to ensure that a wide array of perspectives and interests are reflected in competition policies. Policymakers should balance economic objectives with social goals, acknowledging that political ideology plays a significant role in shaping competition policy priorities. Competition policies should align with the legal traditions and principles of a country's legal system to ensure coherence and effectiveness. Policymakers should adapt competition policies to the prevalent economic model, recognizing the differences between coordinated market economies (CMEs) and liberal market economies (LMEs). International cooperation in harmonizing competition policies should be actively pursued while considering domestic-specific factors. Regular monitoring and evaluation of competition policies should be established to ensure their continued relevance and adaptability.

REFERENCES


[23] Manzanilla JM. Effects of foreign direct investment in the Canadian agri-food industry.


