

The GVH took part in World Competition Day

On 5 December 2013, in honour of World Competition Day, the Hungarian Competition Authority (Gazdasági Versenyhivatal – GVH) held a conference on the impact of cartels on the poor.

On the initiation of the India-based social organisation, CUTS International (Consumer Unity & Trust Society), the 5th of December has been celebrated as World Competition Day since 1980. This year CUTS asked the participating countries to focus on the harmful impacts of cartels on the poor. In keeping with the chosen topic, the GVH organised its own professional programme on “The role of competition in reducing poverty”. During the event experts from the GVH and invited speakers analysed from an interdisciplinary approach the relationship of poverty and competition in the context of cartel activities.

Mr. Miklós Juhász, the President of the GVH, said in his opening speech that competition increases consumer welfare and innovation and therefore might be the solution to the crisis. However, he also highlighted that the positive effects of competition are usually only evident after a significant period of time. Nevertheless, actions against poverty will be effective if they are in conformity with other policies. He also stated that cases related to financially and medically vulnerable consumers are one of the main priorities of the GVH.

Ms. Zsófia Tari, the antitrust expert of the GVH, analysed in her presentation the recently published paper of the OECD “Competition and Poverty Reduction”. She showed the theoretical and practical effects of competition on the poor as consumers, and on the poor as employees and entrepreneurs. Finally the paper provided recommendations for the competition authorities on how their work can help to reduce poverty.

In his presentation **Mr. István György Tóth**, the CEO of TÁRKI Social Research Institute, emphasis that one of the main ways to effectively decrease extreme poverty is to help poor people to efficiently compete with less poor people for jobs. To achieve this, better education and equal opportunities have to be guaranteed in schools and inherited disadvantages have to be dismantled. Preventive type, active social policy would be desirable instead of the current, reactive type problem solving system.

Based on former proceedings of the GVH, another colleague from the Authority, **Ms. Kinga Kollár**, spoke about the harmful effects of cartels operating on local (urban, county-level or regional) markets. Investigations on the taxi markets of Nyíregyháza City and Budapest respectively, and against driving schools in the cities of Pápa and Győr, were mentioned as examples. Local cartels have direct, negative effects which are mostly manifested in the increased prices that are charged for products and services. These increased prices, consequently, have an impact on everyday expenditures.

In the closing presentation **Mr. György Molnár**, a scientific senior member of the Institute of Economics of the Centre for Economic and Regional Studies of the Hungarian Academy of Sciences, spoke about the impact of social microcredit on poverty and competition. He underlined that in addition to guaranteeing financial means and credit, it is also necessary to render knowledge and social contacts, as these can increase the activity of competitive undertakings by fostering local competition. Following the presentations, in the form of a roundtable panel discussion Mr. Endre Sík, managing researcher of TÁRKI Social Research Institute, dr. András Tóth, Vice-President of the GVH and Chairman of the Competition Council, and Mr. György Molnár, scientific senior member of the Institute of Economics of the Centre for Economic and Regional Studies of the Hungarian Academy of Sciences, spoke about the nexus of poverty and competition and about whether different groups of poor people may be evenly assisted.

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Hungarian Competition Authority

Further information:

Katalin GONDOLOVICS

Spokeswoman

Mail: 1054 Budapest, V. ker. Alkotmány u. 5.

Postal address: 1245 Budapest, 5. POB 1036

Tel: (+36-1) 472-8902

Email: press@gvh.hu

<http://www.gvh.hu>