

COMPETITION AND THE MILLENNIUM DEVELOPMENT GOALS: NEW "EVIDENCE" FROM OFFICIAL SOURCES¹

Simon J. Evenett²
University of St. Gallen and CEPR

20 February 2006

Abstract:

While some prefer to think of the effects of competition law and policy in terms of efficiency and resource allocation, many senior policymakers in developing countries, in aid agencies that finance technical assistance and capacity building, and in leading international organisations devoted to advancing development, see economic policies through the lens of the Millennium Development Goals (MDGs). These policymakers have not always been sympathetic to promoting competition and competition law and policy partly because they do not see a strong link between competition and the MDGs and other indicators of development. Using the MDG-related reports of official UN agencies, rather than the writings of experts sympathetic to promoting competition, I have documented 1092 statements relating competition, or its absence, to various development outcomes. Moreover, there are 1134 credible links between these statements and 17 of the 18 targets associated with the MDGs. The linkages between competition and three targets of the MDGs in particular, specifically those relating to poverty alleviation, reducing hunger, and making available the benefits of new technologies, account for over half of the documented linkages. Few linkages were found between competition-related factors and the MDG targets associated with education, health, and access to water and to medicines. I summarise these findings in this paper and discuss some of their implications for policymaking.

¹ This paper was originally commissioned by the Competition and Consumer Policies Branch, United Nations Conference on Trade and Development (UNCTAD), Geneva, Switzerland. The views expressed in this paper are mine and not of UNCTAD, the United Nations, or its member states. I thank the Secretariat of the OECD for the opportunity to update this paper for the OECD's Joint Global Forum on Trade and Competition in February 2006. I also thank Philippe Brusick, Susan Joeke, and John Preston for some tough comments on a September 2005 draft of this document, which caused me to rethink how to research for and write-up this paper. Stefanie Kothmiller, Maria Magdolna Tariska, and Michael Meier provided excellent research. All errors are my own.

² Professor of International Trade and Economic Development, University of St. Gallen. Mailing address: SIAW-HSG, Bodanstrasse 8, 9000 St. Gallen, Switzerland. Email: simon.evenett@unisg.ch. Telephone number: +41 71 224 2315. Further contact information can be found at www.evenett.com.

1. Introduction.

This paper addresses a fundamental question: Does the promotion of competition help countries to meet the universally-agreed Millennium Development Goals (MDGs)? This question is fundamental because many senior policymakers have placed great emphasis on attaining the MDGs by 2015, a commitment that was reaffirmed in September 2005 by the member states of the United Nations.

These policymakers, many of whom are from developing countries, in aid ministries and agencies that fund technical assistance and capacity building, and in major international institutions that seek to promote development, tend to use the MDGs as the benchmark for evaluating economic policies. Although these policymakers may also consider the effects on resource allocation and efficiency, the metric preferred by many in the competition law community in industrialised countries, the priority is invariably given to the MDGs and associated targets.

It is of interest, therefore, whether the case for promoting competition can be made in terms of the MDGs, and not just in terms of resource allocation and efficiency. If this case cannot be effectively made then it is likely to have implications for the policy advice given to developing countries, for the challenges faced by competition authorities in those countries, for the funding of technical assistance on competition law and policy, for the design and relevance of activities of international organisations such as the OECD, the International Competition Network, and UNCTAD, and for the negotiation of trade agreements which can include provisions on competition law and policy.

The principal contention in this paper is that the promotion of competition has not received the prominence in flagship UN publications that one might have expected given the large number of statements in MDG-related reports that speak to the positive effects of encouraging competition on development or to the harm done by state measures and private practices that restrict competition.

The research undertaken for this paper has revealed 1092 statements in the MDG-related publications and reports of official bodies concerning the effect of competition (or its absence) on a wide range of development-related outcomes. Some of those outcomes are in fact the very targets adopted for the MDGs or are directly related to them. Where credible links could be established, and they were in 1134 cases, the MDG targets associated with a given statement was identified.³ Taken together, this evidence provides probably the first comprehensive account of the positive contribution that promoting competition could make to attaining the MDGs. Not surprisingly, then, one of the policy recommendations of this paper is that measures to stimulate competition—be they national or international—should receive greater attention from the development community as the world moves towards 2015, the year in which the MDGs are supposed to be met.

The focus here on MDG-related reports should not be taken to mean that other sources of information on the effects of competition or state measures to promote or restrict competition are unimportant or irrelevant. The publications of competition authorities and research papers by academics, competition practitioners, and other experts are potentially useful in this regard. However, I concentrated on reports that discussed the MDGs for a number of reasons, two of which are stated here. First, these reports are written by some of the very international agencies that, to date, have not given promoting competition a particularly high priority. Put another way, many of these reports were written by persons who are not necessarily supportive of promoting competition.

³ A statement in an official report may well relate competition, or its absence, to more than one MDG or related target.

Second, a large number of these reports have a national focus and provide another perspective on the perceived role of competition in much of the world, in particular in the developing world. I accept that many of the claims made in these MDG-related reports may not be backed up with amount of evidence that some may feel is appropriate, but it should be remembered that not everyone has the time and resources to thoroughly document the effects of competition or its absence. Policymaking based on thorough research is certainly a worthy ideal, but we should not make the perfect the enemy of the good.

Taken together, and carefully interpreted, the statements in these reports provide an indication of where many who follow the MDGs see the contribution, if any, of competition to development. This indication may not coincide with those of the competition and trade policymaking communities, in which case there may well be implications for how the latter make the case for promoting competition to the wider and influential audience of development policymakers. Moreover, such an indication may shed light on why competition officials and their supporters in developing countries face difficulties in securing the resources and support at home and from certain international agencies. This, in turn, could have implications for the design of international initiatives that are serious about ensuring that competition law and policy delivers progress in developing countries.

The remainder of this paper is organised as follows. The next section describes the MDGs and discusses the extensive process of monitoring that followed the adoption of these goals by the UN General Assembly in September 2000. This monitoring has produced a large volume of national, regional, cross-national, sectoral, and other reports by official agencies, which provide the documentary base analysed for this paper.

The third section of this paper summarises the findings from an analysis over 1300 official reports of UN agencies and other official bodies that have opined on the MDGs. Some of these reports contain statements about the effects of competition on economic and social outcomes including, in certain cases, those associated with the MDGs. Recommendations for national and international policymaking are given in section four.

The last preliminary comments relate to what this paper is not about. The focus on the potential role of competition in this paper should not be taken to imply that other means of attaining the MDGs are irrelevant, unimportant, or necessarily less effective than competition. Nor should this paper's focus on the MDGs imply that other development outcomes not included in the MDGs or related targets are of secondary importance. Perfectly sensible people can disagree on what constitutes development, but still this is unlikely to diminish the importance attached by many senior policymakers to the MDGs now and in the years to come.

2. The Millennium Development Goals.

Heads of Government and State of UN members met from 6 to 8 September 2000 at the UN headquarters in New York and passed the United Nations Millennium Declaration (UN 2000). Part III of that declaration was devoted to “development and poverty eradication” and UN members stated that

“We are committed to making the right of development a reality for everyone and to freeing the entire human race from want” (UN 2000 paragraph 11, page 4).

Much of the rest of part III contains a number of pledges, of varying degrees of specificity, by UN member states. These pledges covered a wide range of matters from poverty reduction, to water, access to medicines, and the international financial system. The time frame for implementing these pledges varies from one year (paragraph 11) to fifteen to twenty years

(paragraph 19). The pledges made in this part of the Declaration have come to be known as the Millennium Development Goals (MDGs).

There have been broad ranging initiatives to foster development before, so why is this endeavour any different? The UN Secretary-General himself addressed this question in his Foreword to *The Millennium Development Goals Report 2005* (UN 2005). Mr. Annan argued that the MDGs are different because they are “people-centred, time-bound, and measurable,” “feasible,” “based on global partnership,” and because “they have unprecedented political support embraced at the highest levels by developed and developing countries, civil society, and major development institutions alike.”

After the Millennium Declaration considerable thought went into determining the appropriate terms and metrics to implement and to monitor this initiative. In September 2001 the UN Secretary-General issued a report titled *Road Map towards the implementation of the United Nations Millennium Declaration*. In the Annex to that Report eight “goals”, 18 “targets”, and more than 40 indicators were proposed to “help focus national and international priority-setting” (UN 2001, page 55). These metrics are said to be easy to communicate and reliable. The eight goals and 18 targets that were proposed are reproduced in table one of this paper. Interestingly, the MDGs for poverty reduction, primary education, gender equality, child mortality and maternal health have far fewer targets and indicators associated with them than the other MDGs. The eighth goal, for example, which concerns a global partnership for development, contains within it eight targets and 16 indicators—which is almost as many as the total for the five MDGs mentioned above.

So as to put the MDGs in their appropriate context, from the *Road Map* on it has been stressed that the list of MDGs is not all encompassing. The September 2003 report on implementing the MDGs acknowledged that “the Goals may not constitute a comprehensive development vision” (UN 2003, page 9). Another point to bear in mind is that the MDGs tend to concern ends rather than means. This is certainly the case for goals one through seven, however clear-cut characterisations of ends and means are difficult to establish for the eighth MDG (“Develop a global partnership for development”). For example, ends and means are arguably conflated in targets 13 and 14, which state “address the special needs of the least developed countries” and “address the special needs of landlocked and small island developing states” respectively. In both cases does “address” refer to an outcome or to a process, or to both? Targets 16, 17, and 18 specify both an end and a means (“cooperation”).

Given the focus of this paper is on competition-related matters it is noteworthy that in the *Road Map* one of the “strategies for moving forward...” includes a recommendation to lower import duties, tariffs, and taxes on pharmaceuticals (UN 2001, page 24). The extent to which this step would actually result in lower prices depends in part on the degree of market power exercised by international pharmaceutical companies individually or collectively, which can be related to the nature and effectiveness of any anti-competitive acts that these companies are engaged in. This is a clear example of the need to take firm strategies into account when giving policy recommendations of this sort. In this regard it is worth noting that many studies of reform episodes have shown that an initial reform should have been complemented by stronger state measures to detect, deter, and punish anti-competitive acts (Clarke, Evenett, and Lucenti, 2005a,b). This example also highlights one possible link between promoting competition and the MDGs (in this case, the relevant MDG goals being numbers six and eight and the relevant MDG targets being numbers seven, eight, and 17).

In addition to defining the Millennium Development goals, targets, and indicators, considerable efforts have been made to monitor progress against these metrics. In July 2002 the UN Secretary-General issued his first annual report on the implementation of the Millennium Declaration, which included a section on progress towards the MDGs (UN 2002,

part III). Interestingly, that report and its successors made reference to “good governance,” “public-private partnerships,” and “sound economies” as factors which contribute towards meeting the MDGs. References to the contribution of investment and economic growth, however, only seem to appear in these reports when the so-called Monterrey Consensus is discussed (see, for example, UN 2002 page 10).⁴ Even though promoting competition might be thought of as fostering economic factors such as “sound economies” and the like, it is striking how few direct references are made to promoting competition or to stimulating rivalry in these annual reports.

The annual reports of the UN Secretary-General have been complemented by a large number of national, regional, sectoral, and international reports by official bodies. According the UN Secretary-General’s 2004 annual report, 73 countries have completed a report on the MDGs (UN 2004a, page 11).⁵ This report went on to note that there have been “procedural, qualitative, and quantitative” improvements in the country reports issued over time and that those improvements might be as important as the growing number of countries covered by such reports in the first place. One of the goals of this paper is to examine whether these official reports contain statements concerning the impact on the MDGs and other development outcomes of steps to promote competition or to ease restrictions on competition.

Notwithstanding the discussion above, it is important to appreciate that UN members have over the last thirty years paid attention to the nature and consequences of competition in national and international markets. For example, discussions in the 1970s eventually resulted in 1980 in the adoption by the UN General Assembly of a UN Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices. This Set has been reviewed and re-affirmed every five years since 1980 and the last review took place in November 2005 in Turkey.

Further evidence of the importance attached to promoting competition in the UN system can be found in the Declaration of the Eleventh Session of UNCTAD, held from 13 to 18 June 2004 in São Paulo. This Declaration, known as the São Paulo Consensus, was said to “mainstream” competition throughout UNCTAD’s work programme.⁶ As well as making references to policies that foster private sector development,⁷ the need for a sound regulatory environment⁸, etc., at various points the São Paulo Consensus made reference to the contributions of competition to development and to measures to promote competition. Specifically, the Consensus noted:

“Furthermore, the extent to which full economic and social benefits can be derived from FDI [foreign direct investment] is dependent on, among other things, a vibrant private sector, improved access to international markets, well designed competition law and policy, and the implementation of investment policies as an integral part of national development strategies” (UN 2004b paragraph 37 page 9).

⁴ The “Monterrey Consensus” of the International Conference on Financing for Development, held between 18 and 22 March 2002, emphasised the contribution to development of economic growth, private sector development, and freedom. This consensus also included discussions of poverty, sustainable development, and many of the subjects found in the MDGs.

⁵ Many country-specific reports on the MDGs can be found at www.undg.org.

⁶ The United Nations Conference on Trade and Development (UNCTAD) convenes an Intergovernmental Group of Experts on Competition Law and Policy on an annual basis, that provides a forum where policymakers can share their experiences on promoting competition and in enforcing competition law. UNCTAD also conducts extensive capacity building activities around the world and has published a Model Law that informs policymakers of the challenges facing them and options available when devising policies towards anti-competitive practices.

⁷ UN (2004b) paragraph 23, page 6.

⁸ UN (2004b) paragraph 7, page 2.

“Improving competitiveness requires deliberate specific and transparent national policies to foster a systematic upgrading of domestic productive capabilities. Such policies cover a range of areas, including investment, enterprise development, technology, competition policy,...” (UN 2004b paragraph 43, page 10).

“Competition policies best suited to their development needs are important for developing countries in safeguarding against anti-competitive behaviour in their domestic markets, as well as in responding effectively to a range of anti-competitive practices in international markets, which often considerably reduce the positive effects of trade liberalization for consumers and enterprises, especially SMEs [Small and Medium-sized Enterprises]” (UN 2004b paragraph 72, page 16).

“Efforts should be made to prevent and dismantle anti-competitive structures and practices and promote responsibility and accountability of corporate actors at both the national and the international level, thereby enabling developing countries’ producers, enterprises and consumers to take advantage of trade liberalization. This should be supplemented by the promotion of a culture of competition and improved cooperation between competition authorities. Developing countries are encouraged to consider, as a matter of importance, establishing competition laws and frameworks best suited to their development needs, complemented by technical and financial assistance for capacity building, taking fully into account national policy objectives and capacity constraints” (UN 2004b paragraph 89, pages 18-19).

Without suggesting that competition-related matters were the only topics addressed in the São Paulo Consensus, the quotations above do indicate that UN members perceive a distinct and important role for promoting competition in addressing their development objectives. Given the prominence of the MDGs and associated targets, the question arises as to the extent to which promoting competition helps attain the development objectives mentioned in the UN Millennium Declaration. The next section of this paper explores whether official reports on MDG-related matters have, in fact, made that connection.

3. Statements concerning competition and its effects in official reports on the MDGs.

Stating a goal is one matter; finding an effective means to that end is quite another. In the context of the MDGs this distinction is particularly important as it has been repeatedly claimed that progress towards the MDGs has been slower than expected, putting a premium on identifying more effective approaches before the 2015 deadline. The aim of this section is to examine the statements made in official publications on the role that promoting competition (or impediments to inter-firm rivalry) could play or have played in making progress towards the MDGs. How many such statements can be found and what is their content? Are certain links between competition-related factors and the MDG targets more prevalent than others? Do the statements that make a link between promoting competition and MDGs refer to specific country experiences, or are such statements fairly generic? These questions and others motivate the analysis conducted in this section.

The term "promoting competition" is employed here to mean implementing (i) state measures that stimulate greater rivalry between firms (recognising that firms can compete with one another along a number of dimensions, such as price, quality, innovation, and after-sales service, and that government policies can affect different aspects of how firms compete), (ii) state measures that permit or ease the entry of firms into markets (recognising that those firms may be foreign-owned or even be located abroad), (iii) state measures that discourage and/or punish attempts by firms (be they private or publicly-owned) to restrict competition, and (iv)

state measures to discourage and/or prevent public bodies from restricting or distorting competition. In sum, promoting competition encompasses a wide range of government policies, not just the important case of competition law and its enforcement. As a result, this analysis is not confined to those nations with competition laws.

The approach taken here is to consider the statements on competition-related matters in official documents only, in particular in those official documents that given considerable prominence to the MDGs. The decision to focus on official documents was taken for the following reason. Given there is a growing body of research and policy analyses on the effects of competition, restrictions on competition, and the enforcement of competition law in developing countries, much of which clearly points to the benefits of promoting competition, it is interesting to check whether those findings are making an impression on how policymakers and officials in international organisations view the role of competition as a means of attaining the MDGs. Are there "knowledge gaps" here? These policymakers and officials direct, or at least influence, the allocation of considerable amounts of resources and their advice can shape national development strategies. It may also be the case that competition-related factors are seen as important in many national, sectoral, and regional contexts, and are duly reported as such in a plethora of MDG-related reports, but fail to be acknowledged in the flagship publications on the MDGs. Moreover, once these disparate experiences are taken together they may call for a more systemic revaluation at the international level of the priority given to promoting competition in attaining the MDGs.

The focus on official documentation, in particular those which relate to the MDGs, has important implications for how this paper's findings are interpreted. It would be inappropriate to view this paper's findings as summarising the only available statements and evidence on the relationship between competition and development, nor would it correct to say that these findings summarised the statements available from all official sources. Even so, given that the MDG implementation and monitoring process has thrown up so much information on national strategies and circumstances, it will be useful to see what light this new information sheds on the contribution of promoting competition to development.

There are a number of different ways in which the relationship between a competition-related factor and a development outcome can be characterised and this has implications for what statements one looks for in official reports on the MDGs. The approach taken here has been to look for statements in official documents that are similar to one of the first seven statements listed in table three of this paper.⁹ These seven statements differ in a number of respects. Some statements refer to what governments **should** do; others refer to what competition between firms, or its absence, **has** done; yet others refer to what more competition **would** do. The purpose of specifying these statements *ex ante* was to enforce some discipline when reading official documents; asking whether a candidate statement in an official document can be classified as containing remarks similar to at least one of these seven statements requires more thought on the part of a reader and injects a little more objectivity into the classification process.

The next step was to identify websites containing MDG-related documents. A list of MDG-related websites at various UN agencies, the World Bank, the International Monetary Fund, the regional development banks, and national development ministries and agencies was assembled. This list of 45 websites can be found in the appendix to this paper. Each of these websites was carefully searched for publications in which the MDGs received considerable

⁹ The eighth statement in table three relates to private sector development and the reason for its inclusion will be discussed shortly.

attention.¹⁰ The electronic files associated with these publications were saved in a folder.¹¹ A total of 1310 official reports were found.¹² Table two presents some information of the types of official document analysed for this study. Half were publications whose subject matter was almost exclusively concerned with the MDGs. The other half devoted considerable attention to the MDGs as well as to other matters.

Rather than read in their entirety all 1310 documents, which would amount to reading over 250,000 pages, another technique was used to identify statements in these documents that could pertain to competition-related factors. A list of 48 competition-related terms was drawn up and this is reported in the appendix too. Using the search tool of Adobe Acrobat Reader each document was searched for the presence of these terms. When such a term was found, the paragraphs around it were read and remarks contained therein checked to see if they matched any of the first seven statements listed in table three. (Note that it is possible for a paragraph to contain claims that match more than one of the statements in table three.) If a match was found, then the official document was saved into a new electronic file and an entry created in a database that noted various aspects of the official document and the statement made.¹³ (Therefore, each entry in this database refers to a statement in an official document that is similar to at least one of the first seven statements listed in table three.) This procedure was repeated for all 1310 publications identified earlier.¹⁴

The result of this procedure was to identify 1092 statements in official MDG-related documents. It is difficult to judge whether this is a lot or a little. One is tempted to ask, compared to what? One useful benchmark might be provided by searching for references in MDG-related publications to another important policy recommendation and to compare the number of statements found with those found for competition-related matters. A recommendation to promote private sector development is another piece of economic policy advice which is similar to but distinct from that pertaining to promoting competition. The above procedure was repeated searching for remarks in MDG-related reports similar to the eighth statement listed in table three. A total of 588 remarks encouraging governments to promote their private sectors were found, just under half of the total number of competition-related remarks. Moreover, of the seven competition-related remarks listed in table three, three relate specifically to what governments should do (like the corresponding statement on private sector development in that table). There were a total of 601 such remarks, which just exceeds the number of remarks urging governments to develop their private sectors. It would seem, then, that MDG-related documents contain at least as many statements relating to competition matters as they do to private sector development. Even so, each MDG-related

¹⁰ Inevitably some subjectivity creeps in at this stage. If the title of a document or a chapter or section of a document mentioned the MDGs or the Millennium Declaration then it was included. Official documents that are well known for their attention to conditions in developing countries, such as the Human Development Report (HDR), the World Development Report, and Poverty Reduction Strategy Papers (PRSP), were also prime candidates for the analysis conducted for this study.

¹¹ These files saved were either in Microsoft Word or Adobe Acrobat pdf format. All Microsoft Word files were converted to pdf format, so as to facilitate searching for terms using an advanced version of Adobe Acrobat Reader.

¹² All of these documents were written in English. My assistants and I have assembled a number of French and Spanish documents on the MDG-related websites. Analyses of these latter documents will take place in the coming months and this paper will be updated. Those interested in the updated version of this paper should contact me now or later.

¹³ Please note that an official publication may contain more than one of the seven types of competition-related statements identified in table three and, therefore, may have more than one entry associated with it in the database.

¹⁴ In a previous version of this paper the database constructed was included as an appendix. Now that the database's principal table amounts to several hundred pages of text I decided not to include it in the appendix to this paper. In due course thought will be given to making the database publicly available, probably through my website www.evenett.com.

document searched for this paper contained on average 0.83 statements on competition-related matters which, in an absolute sense, is not a lot.

What types of competition-related statements are included in MDG-related official reports? Table three reports, for each of the seven types of competition-related statement contained therein, how many times each was found in official reports that discuss the MDGs. The most common type of statement found, accounting for just under half of the total, refers to the policy recommendation that governments **ought** to take steps to promote competition in their economies. Such statements were found 506 times. The second most popular statement about competition matters in official documents referred to the harm **done** by the lack of competition or by anti-competitive practices (statement number one in table three.) The third most popular statement refers to the benefits that **had** followed from injecting more competition into an economy (statement number four). The second and third most popular statements relate, presumably, to actual experiences and together account for 385 of the statements found in official reports. Interestingly, there were few statements made to the effect that a lack of competition or anti-competitive practices had reduced the benefits of reform (statement number five) or that reforms should be formulated so as not to harm the competitive process (statement number seven). In sum, it would seem that the effects of competition itself and directly competition-enhancing reforms are much better appreciated by writers of official documents on the MDGs than the ways in which competition-related factors can influence the outcomes of other societal reforms. This may also imply that awareness of the competition advocacy function of competition authorities is limited.

The next step was to examine which, if any, of the 1092 competition-related statements had implications for the 18 adopted MDG targets. For example, the second MDG target refers to the proportion of people who suffer from hunger. A competition-related statement that either refers directly to the price of food or to the availability of food, or that has direct implications for these two variables (such as the cost of inland transportation), arguably has implications for the second MDG target.¹⁵ Many of the 1092 statements contained remarks about the causality between a competition-related factor and some economic or social outcome (or outcomes). These remarks about causality were examined to see if a link between a competition-related factor and one or more of the 18 MDG targets could be established. It is worth recalling that there are important development outcomes, such as economic growth, that are not MDG targets, so it should come as no surprise that not every competition-related statement in official documents is linked to an MDG target. In fact, for 459 of the 1092 statements (amounting to 42% of the total) no such link was found.

For 633 competition-related statements in official documents a credible link to at least one MDG target was found. It would be useful to know if the connection between competition-related factors and MDG goals is stronger for some types of competition-related statements than for others. The fourth and fifth columns of table three report the number of the MDG targets associated with each of the seven statements about competition matters. What is striking is that statements about the effects of more competition and the relationship between

¹⁵ In making this determination I tried to be as conservative as possible. For example, in the case of the first MDG target (relating to poverty reduction) it might be tempting to classify any claim that competition boosted economic growth as linking competition to the first MDG target. I avoided this type of reasoning because there is no reason to presume that the benefits of economic growth are automatically felt by those in poverty. However, a statement linking competition to higher employment (but not in sectors that employ principally highly educated people) is likely to result in poor people having greater employment opportunities. With employment, a poor person's income may well exceed the internationally-accepted poverty line of one U.S. dollar per day, and so the person concerned moves out of poverty. For this reason statements linking competition to employment were classified as relating to the first MDG target. I fully appreciate that reasonable people could disagree on such classification schema. What is under my control, however, is that the classification be consistent across the statements. To that end, comparing over a thousand such statements takes considerable care and attention.

competition and reforms (statements four, five, and six) tend to be linked to an MDG target 70 percent of the time. In contrast, just over half of the statements that advocate governments promoting competition (statement three) are linked to an MDG target. This suggests that the connection between the effect of measures to promote competition and the MDGs is not as strong as it could be in the minds of those who write reports on MDG-related matters.

Table four reports the number of statements that could be linked to each MDG target, bearing in mind that a statement could be linked to more than one MDG target. In total, 1134 links between competition-related factors and the MDG targets were found, suggesting that the 633 statements were associated with, on average, just under two MDG targets.

The distribution of across the MDG targets in Table four is very uneven. The role that competition can play in making the benefits of new technologies available to developing countries, in particular in the information and communications sectors, was found in 301 statements in official publications. One hundred and ninety-two statements highlighting the role of competition in determining the income, employment opportunities, and wages of the poor were found. The links, then, to the first and eighteenth MDG targets stand out, although a large number of statements linking competition to the price and availability of food, and therefore to hunger and the second MDG target, were found too. Together these three MDG targets accounted for just over half of the total reported linkages between competition statements in official publications and the MDGs. The perceived contribution of competition to attaining the MDGs would seem on this evidence to be concentrated on poverty alleviation, hunger reduction, and better access to new technologies.

Table four also reveals that the competition-related statements in official reports on the MDGs make few linkages to the education-, health-, medicine-, and water-related MDG targets. Taken together, less than a third (32.6%) of the 1134 statements could be linked to the seven MDG targets which relate to these high profile matters. This finding is hardly an endorsement by the authors of the MDG-related reports of the contribution of competition to several very sensitive aspects of development. (Table four also shows that statements relating to promoting private sector development do not appear to be linked that often to the education-, health-, medicine-, and water-related MDG targets. Therefore, competition-related factors are not alone in this regard.)

In sum, the adoption of the MDGs was followed by an extensive monitoring and reporting process to which many official bodies have been contributing. One can view all of the reports that have been published by these bodies as separate lenses through which to view how development processes are unfolding in different countries, regions, and sectors. Checking to see if there are any patterns across these reports may identify commonalities that get subsumed in the pressure to distil a distinct global perspective on the MDGs.

The large body of official reports analysed here did not endorse every possible connection between competition-related factors and the MDGs.¹⁶ This may not be too surprising as some of the MDGs targets relate to matters (such as an open and predictable international financial system) that are not thought to be related to competition and competition policy. Taken together, however, the messages from these official reports are not diffuse. As noted above, a small number of important themes recur despite the fact that these official reports covered a wide range of countries, regions, sectors, etc.

¹⁶ Recall from table three that the distribution of statements found in the official reports across the seven types of statement (relating some aspect of a competition to certain economic and social outcomes) was uneven. Likewise, recall from table four that the distribution of linkages between the statements found in official reports and the MDG targets was uneven.

4. Policy implications and concluding remarks.

The profile given to measures to promote competition in many of the flagship publications on development policy by international organisations is fairly low. If this outcome reflected a consensus that promoting competition was so obviously desirable that recommendations to that effect need not be repeated, then fine. More likely, it reflects the fact that competition policies typically affect developmental outcomes indirectly through their effects on markets and there appears to be tendency to emphasise only those actions that result in direct improvements in development outcomes (overlooking the fact that many such actions are actually mediated through markets too.)¹⁷ It is important to examine country-, region-, and sector-specific official publications for statements made about the impact of competition-related factors on development to see if the impression given in the flagship publications is accurate.

Examining over 1300 reports produced to monitor and discuss the MDGs in recent years, a total of 1092 statements concerning competition-related factors were found; 633 of which contained credible links between those factors and the targets of the MDGs. The links between competition-related factors and the poverty-, hunger-, and technology transfer-related MDG targets were most prevalent. These findings provide a good starting point in making the case for promoting competition to senior policymakers and to the development community in general and for giving more attention to competition policy in national strategies on the MDGs. That is the good news.

The bad news is that few linkages were perceived between competition and many of the MDG targets, in particular those relating to education, to the provision of health care, to access to safe drinking water, and to the availability of medicines needed to reduce the incidence of HIV/Aids, malaria, and other major diseases. With the appropriate expertise and support, in principle competition law and policy can influence these important development outcomes but it would seem that, to date, the potential contributions in this regard have not been acknowledged by the broader development community. This may well account for the difficulties faced by competition authorities and their supporters when making their case in developing countries and in certain international institutions and aid agencies.

These findings also have implications for the design of international initiatives on competition policy, including the technical assistance programmes of international organisations, competition authorities, and aid ministries, the non-binding accords of the International Competition Network and UNCTAD, and the provisions of trade agreements including developing countries. If an initiative purports to promote competition or the supporters of competition in developing countries, then one question that should be asked is whether it will strengthen the contribution of competition policies to attaining the high-profile education-, health-, water-, or medicine-related MDG targets. If this test is not met then the initiative is likely to contribute to the continued marginalisation of pro-competition advice from the first tier of policy prescriptions given to developing countries and to ensuring that other priorities continue to crowd out the time, attention, and resources available to competition law and policy. Moreover, initiatives that fail this test will probably do little to raise the stature of the competition authorities and associated institutions in many developing countries.

In thinking through the policy implications of this paper, in addition to the caveats mentioned earlier, it should be borne in mind that competition policies are only one of the many tools available to governments to meet the MDGs. The discussion in this paper should not be interpreted as implying that competition policies are the only means to attain the MDGs, or

¹⁷ More generally, I get the strong sense that having trust in the operation of markets, even markets subject to appropriate regulatory oversight, is not at a premium in some of the flagship publications of the UN system.

that in each instance they are necessarily the most effective means for doing so. Rather, this discussion serves as a reminder of the various metrics by which competition policies, including the enforcement of competition law, are evaluated and for greater thought to be given to identifying ways in which national and international initiatives on competition policy can contribute effectively to improving living standards around the world.

5. References.

- Clarke, Evenett, and Lucenti. (2005a). Clarke, Julian L., Simon J. Evenett, and Krista Lucenti. "Extracting the most out of trade, investment, and regulatory reforms: What role for competition?" Paper presented at the mid-term review meeting of the project titled *Competition Policy Foundations for Trade Reform, Regulatory Reform, and Sustainable Development*. 22 April 2005.
- Clarke, Evenett, and Lucenti (2005b). Clarke, Julian L., Simon J. Evenett, and Krista Lucenti. "Anti-competitive Practices and Liberalising Markets in Latin America and the Caribbean," *The World Economy*, Vol. 28, No. 7, pp. 1029-1056, July 2005.
- UN (2000). United Nations. *United Nations Millennium Declaration*. A/RES/55/2. 18 September 2000.
- UN (2001). United Nations. *Road Map towards the implementation of the United Nations Millennium Declaration. Report of the Secretary-General*. A/56/326. 6 September 2001.
- UN (2002). United Nations. *Implementation of the United Nations Millennium Declaration. Report of the Secretary-General*. A/57/270. 31 July 2002.
- UN (2003). United Nations. *Implementation of the United Nations Millennium Declaration. Report of the Secretary-General*. A/58/323. 2 September 2003.
- UN (2004a). United Nations. *Implementation of the United Nations Millennium Declaration. Report of the Secretary-General*. A/59/282. 27 August 2004.
- UN (2004b). United Nations. *São Paulo Consensus*. Eleventh Session. United Nations Conference on Trade and Development. TD/410. 25 June 2004.
- UN (2005). United Nations. *The Millennium Development Goals Report 2005*. New York.

Table 1: The MDGs and associated targets.

MDG Goal number.	Description of MDG goal.	MDG Target number.	Description of target associated with a MDG.
1.	Eradicate extreme poverty and hunger.	1.	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.
		2.	Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
2.	Achieve universal primary education.	3.	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
3.	Promote gender equality and empower women.	4.	Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015.
4.	Reduce child mortality.	5.	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
5.	Improve maternal health.	6.	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.
6.	Combat HIV/AIDS, malaria, and other diseases.	7.	Have halted by 2015 and begun to reverse the spread of HIV/Aids.
		8.	Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.
7.	Ensure environmental sustainability.	9.	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.
		10.	Halve by 2015 the proportion of people without sustainable access to safe drinking water.
		11.	By 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers.
8.	Develop a global partnership for development.	12.	Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.
		13.	Address the special needs of the least developed countries.
		14.	Address the special needs of landlocked countries and small island developing states.
		15.	Deal comprehensively with the debt problems of developing countries through national and international measures in order to make them debt sustainable in the long term.
		16.	In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.
		17.	In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
		18.	In cooperation with the private sector, make available the benefits of new technologies, especially information and communication.

Note: Associated with the 8 goals and 18 targets listed above are 48 indicators of performance.

Source: UN (2001).

Table 2: The types of official publications consulted for this study.

Type of official publication.	Total number of reports checked.	Percentage of total number of reports consulted (%).
MDG National Reports.	185	14.1
Other MDG reports.	434	33.1
HDR reports.	386	29.5
PSRP reports.	305	23.3
Total.	1310	100.0

Table 3: Types of competition-related and private sector development-related statements identified in official documents on MDGs.

Statement number.	Description of statement.	Number of statements found in official MDG-related documents (1).	Number of statements where at least one MDG target is , could be, or was said to be affected by the factors identified in this statement (2).	Percentage of a given statement where one or more MDG target is, could be, or was said to be affected. [(2) expressed as a percentage of (1)]
1.	Lack of competition, anti-competitive practices, or monopolistic practices has harmed development, reduced economic growth, increased poverty, or hurt the poor (through higher prices, reduced quality and choice, limitations on the access to goods and services.)	199	111	55.8
2.	More competition between firms, be they state-run or private sector and between domestic and foreign-owned enterprises, would have improved development, enhanced growth, reduced poverty or benefited the poor.	89	55	61.8
3.	Governments should take steps to promote competition, including steps to enact and enforce a competition law.	506	263	52.0
4.	More competition between firms be they state-run or private sector and between domestic and foreign-owned enterprises, has improved development, enhanced growth, reduced poverty or benefited the poor.	186	131	70.4
5.	Lack of competition, anti-competitive practices, or monopolistic practices has reduced the benefits of reforms.	17	12	70.6
6.	Economic and social reforms should be complemented with measures to increase competition in the sectors directly and indirectly affected by those reforms.	83	56	67.5
7.	Reforms should be formulated in such a way as not to impede the promotion of competition or the competition between firms.	12	5	41.7
Sub-total for statements 1-7.		1092	633	58.0
8.	Governments should take steps to promote the private sector or to promote a climate more favourable to business.	588	385	65.5
Grand Total.		1680	1018	60.6

Table 4: Number of statements that link competition-related and private sector development matters to MDGs, by MDG target.

Target number.	Description of MDG target.	Number of statements which can credibly be linked to a given MDG target.					
		Statements 1-7		Statement 8		Differences in percentages, (1)-(2)	
		Number of statements	Percentage of total for these statements (1)	Number of statements	Percentage of total for this statement (2)		
1.	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.	192	16.9	170	20.5	-3.6	
2.	Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	104	9.2	44	5.3	3.9	
3.	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	60	5.3	55	6.6	-1.4	
4.	Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015.	61	5.4	57	6.9	-1.5	
5.	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.	46	4.1	31	3.7	0.3	
6.	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.	46	4.1	31	3.7	0.3	
7.	Have halted by 2015 and begun to reverse the spread of HIV/Aids.	47	4.1	27	3.3	0.9	
8.	Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.	49	4.3	26	3.1	1.2	
9.	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.	79	7.0	64	7.7	-0.8	
10.	Halve by 2015 the proportion of people without sustainable access to safe drinking water.	42	3.7	32	3.9	-0.2	
11.	By 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers.	14	1.2	15	1.8	-0.6	
12.	Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.	5	0.4	1	0.1	0.3	
13.	Address the special needs of the least developed countries.	3	0.3	0	0.0	0.3	
14.	Address the special needs of landlocked countries and small island developing states.	7	0.6	4	0.5	0.1	
15.	Deal comprehensively with the debt problems of developing countries through national and international measures in order to make them debt sustainable in the long term.	0	0.0	0	0.0	0.0	
16.	In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.	59	5.2	62	7.5	-2.3	
17.	In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.	19	1.7	5	0.6	1.1	
18.	In cooperation with the private sector, make available the benefits of new technologies, especially information and communication.	301	26.5	204	24.6	1.9	
Total number of statements that can be linked to the MDG targets.		1134	100	828	100		
Average number of MDG-links per competition- or private sector development-related statement found.		1.04		1.41			

Appendix.

A1. List of websites searched or documents consulted for statements concerning the effects of competition on development outcomes.

1. http://unstats.un.org/unsd/mi/mi_links.asp
2. http://unstats.un.org/unsd/mi/mi_coverfinal.htm (see also links built into this page)
3. <http://www.un.org/millennium/sg/report/full.htm>
4. <http://www.unmillenniumproject.org/reports/reports2.htm>
5. http://www.unmillenniumproject.org/reports/index_overview.htm
6. <http://www.eclac.cl/mdg/docs/ObjECLACMillenium.pdf>
7. <http://www.un.org/millenniumgoals/press.shtml>
8. <http://siteresources.worldbank.org/GLOBALMONITORINGEXT/Resources/complete.pdf>
9. <http://siteresources.worldbank.org/GLOBALMONITORINGEXT/Resources/0821358596.pdf>
10. <http://siteresources.worldbank.org/GLOBALMONITORINGEXT/Resources/DC2004-0006.pdf>
11. [http://siteresources.worldbank.org/GLOBALMONITORINGEXT/Resources/DC2004-0006-Add1\(E\)-GMR.pdf](http://siteresources.worldbank.org/GLOBALMONITORINGEXT/Resources/DC2004-0006-Add1(E)-GMR.pdf)
12. <http://siteresources.worldbank.org/GLOBALMONITORINGEXT/Resources/DC2003-0013.pdf>
13. <http://siteresources.worldbank.org/DEVCOMMINT/Resources/Document/DC2003-0003.pdf>
14. <http://siteresources.worldbank.org/DEVCOMMINT/Resources/Document/DC2003-0003-Add.1all.pdf>
15. http://hdr.undp.org/reports/global/2003/pdf/hdr03_complete.pdf
16. http://www.who.int/mdg/publications/MDG_Report_08_2005.pdf
17. <http://www.dfid.gov.uk/pubs/files/uk-cont-mdg-report.pdf>
18. <http://www.unescap.org/drpad/publication/survey2002/Sur02-11.pdf>
19. <http://www.un-ngls.org/MDG/tools.htm>
20. http://www.mdgender.net/resources/books_reports.php
21. <http://www.adb.org/MDGs/initiative.asp>
22. <http://www.adb.org/MDGs/publication.asp>
23. http://micahchallenge.org/Millennium_Development_Goals/159.asp
24. http://www.oecd.org/departement/0,2688,en_2649_34585_1_1_1_1_1,00.html
25. <http://www.unhchr.ch/development/mdg.html>
26. <http://www.eclac.cl/cgi-bin/getProd.asp?xml=/publicaciones/xml/0/21540/P21540.xml&xsl=/tpl-i/p9f.xsl&base=/tpl-i/top-bottom.xsl>
27. http://portal.unesco.org/en/ev.php-URL_ID=6867&URL_DO=DO_TOPIC&URL_SECTION=201.html
28. http://www.iaea.org/OurWork/millennium_goals.html
29. http://www.unicef.org/publications/pub_mdg_en.pdf
30. <http://www.mdg.org.al/>
31. <http://www.undp.ro/mdg/>

32. <http://www.undp.org/countries/> (please check country websites)
33. <http://www.unep.org/gc/gc23/MDG-flash.asp>
http://www.ifpri.org/pubs/books/ar2003/ar2003_essay.htm
34. <http://www.gtz.de/en/top-themen/4914.htm>
35. http://www.afdb.org/portal/page?_pageid=313,165084&_dad=portal&_schema=PORTAL
36. <http://www.undp.org.vn/mdg/>
37. http://europa.eu.int/comm/development/body/communications/docs/communication_133_en.pdf
38. <http://www.eclac.cl/publicaciones/SecretariaEjecutiva/1/LCG2331/lcg2331.pdf>
39. <http://www.sida.se/Sida/jsp/polopoly.jsp?d=3231>
40. <http://www.ohchr.org/english/issues/millennium-development/>
41. <http://www.ifad.org/partners/orgs/>
42. <http://www.gdrc.org/ngo/mdg.html>
43. <http://www.undg.org/content.cfm?cid=79>
44. <http://www.imf.org/external/np/prsp/prsp.asp>
45. <http://hdr.undp.org/>

46. A2. List of terms searched for in MDG-related documents.

1. competition
2. rivalry
3. anti-competitive
4. anticompetitive
5. pro competitive
6. pro-competitive
7. firm
8. corporation
9. multinational corporation
10. MNC
11. TNC
12. transnational corporation
13. cartel
14. monopoly
15. oligopoly
16. private sector
17. profit
18. antitrust law
19. fix prices
20. monopolistic practises
21. barrier to entry
22. barriers to entry
23. economic freedom
24. compete
25. collusion
26. dominance
27. gouging
28. excess return
29. excessive return
30. cabal
31. barons
32. deny access
33. market acess
34. restricted access
35. control quantity
36. fix quantity

- 37. fix quantities
- 38. market share
- 39. predation
- 40. predatory
- 41. dumping
- 42. dump
- 43. exploitation
- 44. rip off
- 45. ripoff
- 46. price hike
- 47. price surge
- 48. price increase