Chapter: 1. Competition policy and economics

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This chapter provides an overview of competition law and its economic context. Section 2 describes the practices that competition laws attempt to control in order to protect the competition process. Section 3 examines the theory of competition and gives an introductory account of why the effective enforcement of competition law is thought to be beneficial for consumer welfare. Section 4 considers the expected functions of a system of competition law. Section 5 then introduces two key economic concepts, market definition and market power, that are important to a better understanding of competition policy. The chapter concludes with a table of market share figures that are significant in the application of EU and UK competition law.
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