**Summary: "Capitalism is Becoming Less Competitive: How Different Countries are Tackling a Growing Economic Problem".**

**A silhouette of a city skyline at sunset

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This series delves into issues of market power, concentration, and monopoly in various countries. The first part examines the state of competition in America, Mexico, and Britain, while the second part focuses on China and Japan.

In America, the airline industry serves as a microcosm for the broader economy, where rising profits coexist with deteriorating service. Profits across the economy have surged, particularly for American firms, which now see a higher concentration of ownership. This trend is evident in a study showing that between 1997 and 2012, two-thirds of American industries became more concentrated, with the top four firms in each sector increasing their market share from 26% to 32%. The discussion around this issue has gained traction among academics and policymakers, who are exploring solutions such as reducing red tape and revising intellectual property rights to encourage competition.

Mexico's situation is highlighted by the election of Andrés Manuel López Obrador, who criticizes a "mafia of power" that he claims controls the country’s political and economic life. This resonates with many Mexicans, who feel the economy is rigged against them due to weak competition and corruption. Under the previous president, Enrique Peña Nieto, reforms were introduced to tackle these issues. The establishment of the Federal Competition Commission (Cofece) aimed to enhance market competition, while energy and telecom sector reforms attracted foreign investment and reduced consumer prices. Despite these advances, further efforts are needed to address ongoing corruption and strengthen competition.

In Britain, there is a growing consensus among political leaders that capitalism is not functioning properly. Both Labour leader Jeremy Corbyn and Conservative minister Michael Gove have described the system as "rigged." This perception is supported by evidence showing that over the past decade, 55% of British sectors have become more concentrated, with the four largest firms capturing a greater share of revenue. The rise in concentration is partly attributed to a high volume of mergers and acquisitions. While the impact on workers is mixed, with wages as a share of GDP declining, policymakers are beginning to acknowledge the problem. However, comprehensive solutions are still in the early stages of development.

Japan's history of competition reveals a shift from the powerful zaibatsu conglomerates before World War II to the keiretsu business groups that emerged afterward. These groups, which revolve around a main bank and trading company, created a competitive yet collusive economy. While they provided cheap credit and supported Japan’s industrial rise, they also fostered inefficiencies. In recent decades, Japan’s markets have opened up, and competition has intensified, particularly in sectors exposed to international trade. Nonetheless, concentration remains an issue, though it is less pronounced than in the U.S. Today, Japan’s product-market regulations are comparable to those of America, and the country ranks highly in terms of local competition intensity.

China presents a unique case where competition varies significantly across different sectors. In strategic industries like banking, airlines, and telecommunications, state-owned enterprises (SOEs) dominate, leading to poor service and inefficient capital allocation. This lack of competition benefits SOEs at the expense of private firms and consumers. However, in other sectors such as coal, real estate, and home appliances, there is excessive competition, which drives down prices but can also lead to compromised safety and environmental standards. The rapid growth of tech giants like Alibaba and Tencent has introduced new challenges, as these companies accumulate vast amounts of user data and expand into various services. The primary concern for Chinese regulators is not whether these firms are monopolistic, but whether they align with government policies.

Overall, the decline in competition is a global issue with different manifestations in each country. In response, countries are taking various measures, such as strengthening regulatory bodies, reducing protective policies, and addressing corruption. Continued reforms are essential to enhance competition and ensure more equitable economic outcomes. The examples from each country illustrate the complexity and variability of the issue, highlighting the need for tailored approaches to foster a healthier competitive environment.

1. **How has the concentration of market power in America changed from 1997 to 2012, and what are some of the potential economic consequences of this trend?**

2. **What specific reforms did Enrique Peña Nieto implement in Mexico to enhance market competition, and what were the outcomes of these reforms?**

3. **In what ways do Jeremy Corbyn and Michael Gove's views on capitalism in Britain reflect the current state of market competition, and what evidence supports their claims?**

4. **Compare and contrast the historical evolution of Japan's zaibatsu and keiretsu with the current state of competition in Japan's markets. How have these changes influenced Japan's economic development?**

5 **What are the dual challenges China faces regarding competition in its economy, and how do these challenges impact both domestic and international markets?**