

Revaz Lordkipanidze

**Competition is not a Joke and in the Era of
Electronics It Must Be Protected Especially**

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**Dedicated to Peace and current American
reform for really better life of a Human**

Doctor of World Economics R. Lordkipanidze, after the very interesting and difficult courses of the Harvard University on issues of the U.S. Government, Economic Policy and Justice, the author of this work continues to research of competition theory, including the necessity of change of some classical views.

Edited in the Academy named after Economist A. Gunia

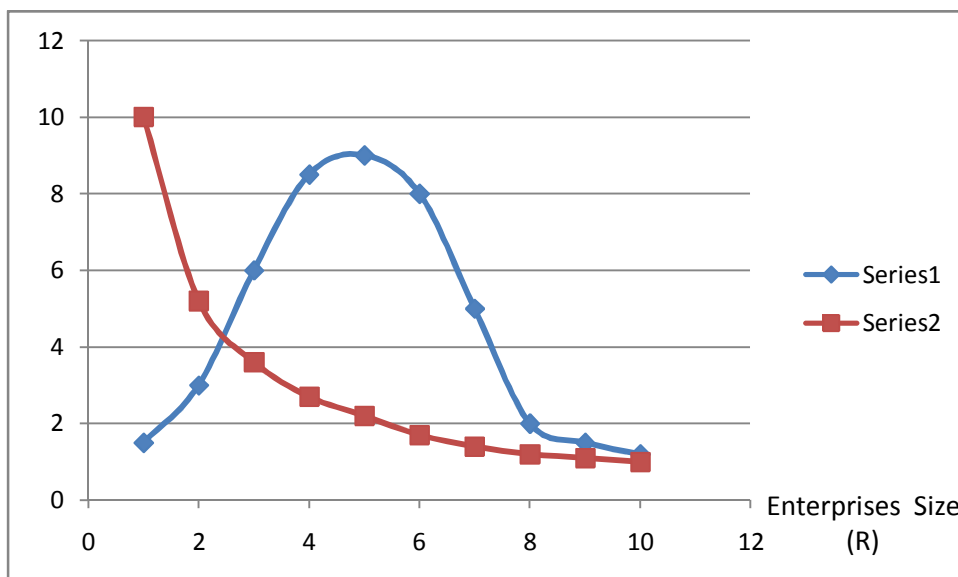
Competition is not a Joke and in the Era of Electronics It Must Be Protected Especially

Dear Readers, the era of electronics is arriving and the oil business, whether it wants to or not, must understand, that it will be necessary to change priorities. The circulation of money, entire education system and all real economy in the next 10 years will change indescribably.

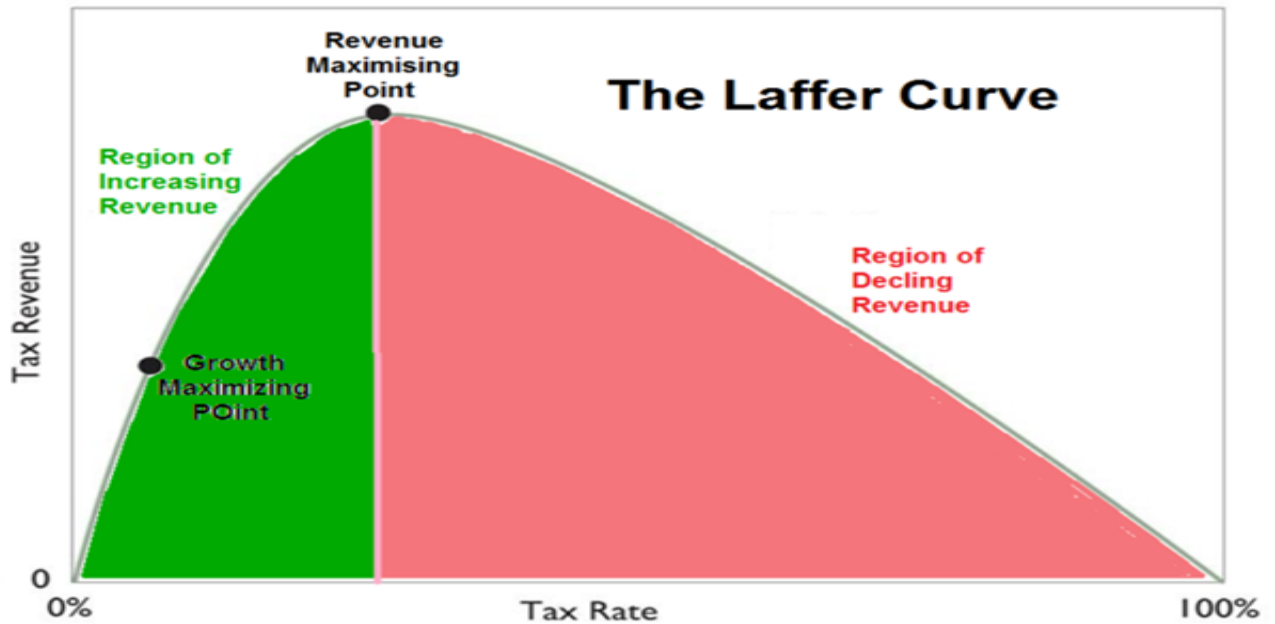
After the very interesting and difficult courses of the Harvard University on issues of the U.S. Government, Economic Policy and Justice, I continue to research of competition theory, including the necessity of change of some classical views [1-15].

The era of electronics will bring for all us a lot of good and also a lot of danger, including from better-equipped masked monopolists and hackers and we must fight against them together. It will not be a joke. I think that in economic practice and theories, they should more quickly understand, that it is necessary to change the understanding of competition and use my position also (Please see and use my Scheme 1). Economic theory very well uses principles of optimality of taxes (Scheme 2) and marginal costs (Scheme 3), but for some reason it is considered that perfect competition does not have optimal levels.

Scheme 1. Interrelation between levels of Efficiency (Series 1) and Competition (Series 2) with Enterprises Size (Source: Work of R. Lordkipanidze [3: 8-10])



Scheme 2 (Source: <https://fee.org/articles/the-laffer-curve-its-time-to-stop-laughing/>)



Scheme 3 (Source: <http://www.differencebetween.net/business/accounting-business/difference-between-marginal-cost-and-average-cost/>)



I think, that a respected reader remembers, that for determination of the most exact understanding about competition, on a base of economic-mathematical analysis, I used¹ even physics and define the natural force of competition by experience of famous Ohm's law ($I=V/R$),

¹ My work about it "The Force of International Competition (For the Fundamentals of Business and Law)" published in the Digital Foundation of Parliamentary Library of Georgia.

where “I” is the force of competition, “V” (voltage) – the volume of market, “R” (resistance) – the largest supplier. This natural similarity of the strength of electric current (“current through a conductor”), makes possible to determine the strength of competition and the optimal - the most effective level of competition.

With the growth of the number of competitors, the strength of competition grows, but a very large number of market participants, in my opinion, can cause a "short circuit" and "overheating" of the economy, as a result, a hyperinflation surplus and a severe crisis shock.

We do not need the competition of an infinitely large number of "ants" in the economy - need a natural competition of diligent competitors, where all participants (not only small, but also large) of the competition do their necessary (effective) business.

My goal is not a criticism of Smith or any scientist - I think Smith was a genius for his era, but, naturally, with human errors. My goal is to perfect the established understanding from times of Smith and to present in the world Herfindahl-Hirschman and Bork² visions, that a large number of competitors (buyers and sellers) the first of all determines a perfectness of competition: “The HHI takes into account the relative size distribution of the firms in a market. It approaches zero when a market is occupied by a large number of firms of relatively equal size and reaches its maximum of 10,000 points when a market is controlled by a single firm”.³

I published a lot of monographs and publications about a competition and in this article I presented again a maximal shortly generalized work with my more perfect conclusion vision of rational competition. Without the proposed by me “rational number” instead of a “large number”, we can erroneously divide the effective local big business or prevent the merger of business in a decent way, violate the presumption of innocence of the local entrepreneurs and create favorable conditions for secret collusions of external dishonest "businesslike" activities.

The curves of "Force of Competition" and "Efficiency of Enterprises Size" can determine the optimal level of competition for each concrete reality⁴. For example, the conducted studies on expert assessments of the Georgian industry showed that the average enterprises of the 5th group (Scheme 1) characterized with the highest efficiency and creates the optimal level of competition.

Taking into account different views about competition from very many microeconomic features and Chandra-Lederman price discrimination to modern macroeconomic synthesis and

² Bork, Robert H. 1993. "The Antitrust Paradox" (second edition). New York: Free Press. Please, see also about it “Perfect Competition” in Wikipedia.

³ Herfindahl-Hirschman Index. Updated July 29, 2015. <https://www.justice.gov/atr/herfindahl-hirschman-index>.

⁴ Lordkipanidze, Revaz (2018) “Competition theory’s "sensational" implicit defects and urgent regulations”: 103.

Costinot-Rodriguez-Clare foreign factors, also quality problems and Rodric generalizations by imperfect competition, according my theory of economic competition, we can determine the optimal size of the enterprise in different sectors and regions. Consequently, depending on the demand for a product or service, we can determine the optimal number of enterprises and the rational level of competition. The optimal number of enterprises may be 5, 10, 20, 100, 1000 or more or less and as a rule, the optimal number of enterprises in science-intensive construction and industry should be less than in agriculture, trade or transport.

About Author



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Revaz Lordkipanidze was born in 1965. He was member (first from post USSR countries) of The Academy of Political Science (NY, United States, 1998) and successfully certified from Harvard University (Courses “U.S. Public Policy: Social, Economic and Foreign Policies”, “Justice”, 2018), EU TACIS Project (Cleaner production, 2003) and University of Minnesota (The United States, Training program, 2011). He is elected academician of Georgian Academy of Economic Sciences and Russian Academy of Natural Sciences. He graduated Tbilisi State University with Honored Diploma (1986), Institute of Economy and Law (Georgian Academy of Sciences, 1990), St. Petersburg State University with diploma of doctor (1998–1999). Revaz Lordkipanidze was the acting minister of Economy in Ajara region (1993-1998). As young doctor of sciences (1999) he granted with the first quality scholarship of President of Georgia (2001). He is gold medalist of Georgian Ministry of Education and written in Georgian Economic encyclopedia. Revaz Lordkipanidze works in Georgian Technical University, Tbilisi State University and University Geomedi. Hobby - Christian chants, mathematics, basketball, swimming, etc.

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