Journal of World Economy
ISSN 2709-3999
www.pioneerpublisher.com/jwe
Volume 4 Number 2 April 2025

The Greatest Opportunities to Realize a New Understanding of Perfect Competition by Example of Hong Kong

Revaz Lordkipanidze[1,2]

[1] Professor, Faculty of Health Care Economics and Management, University Geomedi, Georgia
[2] Academician of Georgian Academy of Economic Science, Georgia
Correspondence: Revaz Lordkipanidze, Professor, Faculty of Health Care Economics and Management, University Geomedi, Georgia; Academician of Georgian Academy of Economic Science, Georgia.

doi:10.56397/JWE.2025.04.02

From economics textbook and many scientific works (Akerlof G., n.d.; Arrow K. J., 1959; Arrow K. J. & Debreu G., 1954; Aumann R. J., 1964; Backhouse R. & Boianovsky M., 2012; Begg D., Fischer S., Dornbusch R., 2002; Bork R. H., 1993; Bowles S. & Edwards R. (Ed), 1990; Bromberg M., 2023; Dalkey N. & Helmer O., 1963; Dixon H., 1990; Drucker P. F., 1973; Frank R., 2007; Gerard D., 1972; Gilmour P. M., 2022; Gitman L. & Zutter C., 2019; Gordon J., 2022; Groenewegen P., 2011; Gretsky N. E., Ostroy J. M. & Zame W. R., 1999; Higham C., Setzer J., Narulla H. & Bradeen E., 2023; Howe N. & Strauss W., 1991; Kim JY, Rhatigan J, Jain SH, Weintraub R & Porter ME., 2010; Kirzner I., 1981; Krep D. M., 1990; Lee F.S., 1998; Lipsey R. G. & Lancaster K., 1956; Marynchak Y., 2019; McNulty P. J., 1967; Novshek W. & Sonnenschein H., 1987; Petri F., 2004; Porter M., 2008; Porter M., 2019; Porter M. & Heppelmann, J.E., 2017; Roberts, J., 1987; Roger L. M., 1982; Sickles R. & Zelenyu V., 2019; Stigler J. G., 1987; Stiglitz J. E. & Atkinson A. B., 1980), the whole world knows the example of Hong Kong as a model of the most freely developed city-regional economy and maximally free (perfect by me) competition. As a researcher, I have devoted my life to the study of perfect competition and with using the laws of physics for economics has significantly changed the classic economics' vision of perfect competition from the erroneous vision by numerous competitors to atomic equilibrium for market core in my understanding. I was happy that global Wikipedia saw my discovery.

I am confident that if the different country-economic models follow the example of the most liberal taxes and non-interference in the economy, the new understanding of perfect competition will be implemented in practice as quickly as possible. I see as well the best results of American and Eurasian scientists in the study of perfect competition will make the world the most peaceful and rich as quickly as possible.

At determining the maximal and optimal efficiency of political-economic competition (Lordkipanidze R., 2022; Lordkipanidze R., 2023; Lordkipanidze R., 2024), I used the approximate analogy of Atomic model and Ohm's law of electric current $I=V/R$, where under "I" meant by me the force of competition, "V" – the market capacity and "R" – the resistance of the largest supplier. For calculation of competition efficiency not only by proportion of market core, I used my formula: Competition Level=Market efficiency/Weighted average share of companies in the market by $\sum (S_i V_i)/V$, where S_i – market share of i company in %, V_i – i company volume in \$, V – total market volume in \$. My formula complements the famous Herfindahl-Hirschman Index with the necessary connection of market efficiency.

For peaceful economic relations, by examples of Hong Kong, free port zones with maximally free perfect competition are effectively supported in modern America, in Europe — warehouses at airports, in all China — regional spaces with minimal tax on profit by mentioned examples. I am developing a theory according to which micro-regional priorities are more stringent and necessary criteria for assessing a perfect — mature equilibrium economic structure than micro-sectoral ones. My arguments are based on my assumption that if we properly — naturally arrange territorial clusters with the active participation of local authorities, banks and universities, we will get an effective sectoral structure of the economy too. In the opposite approach, we do not always get the desired effect. "Warm" — greenhouse conditions of traditionally successful pin-point zones in the economy are able to overcome the crisis "cooling" in backward regions and industries.

For general equilibrium competition, we consider it appropriate to especially emphasize the importance of protecting competition through universal — international efforts. Even the economically strongest countries are not able to withstand the pressure from hidden monopolies, which often have universal roots. We began publishing a series of theses on researchgate.net to support INTERPOL and the creation under its wing of an international antitrust agency with the participation of at least 5 major scientists from each country who will specialize in protecting perfect competition and local-regional and global markets. In addition, international monitoring services must have sufficient financial and military resources to quickly resolve local conflicts. I am confident that such common mutually beneficial interests of all countries will stop as well increasingly frequent conflicts.

I also suggest that the international scientific community concentrate on competitive zonal-sectorial management approaches rather than on utopian goals. Having goals and striving to achieve them is not a bad thing, but unreasonable goals are often not fulfilled and can cause complications of a depressive nature and long-term economic cold. It is better to know your own advantages well than to try to remake yourself in order to comfortably achieve an unrealistic goal. As easy examples to understand, I would like to note that if a talented promising basketball player suddenly wants to become a football player or boxer due to high income, if he does not have the corresponding talents, he will lose entire future, including basketball prospects. We need the most beautiful long-range basketball hits and jumps in the innovation economy to quickly solve the demographic problems of some economically "cooled" regions after political-military conflicts. The use of physics in economics has shown me that focusing on multiple competitors can lead to blocking the local (regional) bona fide large sector, which can lead to call by me "ant economy" with a short circuit and overheating of the economy.

Logical reasoning led me to the natural necessity of both small and larger regions and enterprises, which is also confirmed by the statistics of their actual equivalence in the productivity of productions and services. The same can be said about the importance of large countries with known economies of scale, and small countries are particularly distinguished by their high efficiency and ability to quickly change economic policy priorities in the crises of natural cycles of economic downturns.

The macroeconomics of each country is subject to some regulation, but the world economy is as free as possible and in such free conditions, two poles always appear in the core of competition. In the history of mankind, we remember the varieties of competition between Western and Eastern countries with a variable advantage. In recent history, we remember the competition between the USA and the USSR, and now we are witnessing the really maximally healthy competition between the USA and China with Hong Kong. Free competition leads to the progress of mankind, but this competition must not develop into a war that leads to serious casualties and the poor.

References

Akerlof G. (n.d.). Wages and capital. Massachusetts Institute of Technology.

Retrieved 2017.

Arrow K. J. (1959). Toward a theory of price adjustment, in M. Abramovitz (ed.), *The Allocation of Economic Resources*, Stanford: Stanford University Press, pp. 41–51.

Arrow K. J., Debreu G. (1954, July). Existence of an Equilibrium for a Competitive Economy. *Econometrica, 22*(3), 265. doi:10.2307/1907353. JSTOR 1907353.

Aumann R. J. (1964). Markets with a Continuum of Traders. *Econometrica*, *32*(1/2), Jan.–Apr., pp. 39–50.

Backhouse R., Boianovsky M. (2012). *Transforming modern macroeconomics: exploring disequilibrium microfoundations*, pp. 1956–2003. New York: Cambridge University Press.

Begg D., Fischer S., Dornbusch R. (2002). *Economics*. McGraw-Hill, 552.

Bork R. H. (1993). *The Antitrust Paradox* (second edition). New York: Free Press.

Bowles S., Edwards R. (Editors). (1990). *Radical Political Economy*. Edward Elgar Publishing, 848.

Bromberg M. (2023). Herfindahl-Hirschman Index (HHI) Definition, Formula, and Example. https://www.investopedia.com/terms/h/hhi.asp

Dalkey N., Helmer O. (1963). An Experimental Application of the Delphi Method to the use of experts. *Management Science*, *9*(3), 458–467.

Dixon H. (1990). Equilibrium and Explanation. In Creedy (ed.). *The Foundations of Economic Thought*. Blackwells.

Drucker P. F. (1973). Management: Tasks, Responsibilities, Practices. http://dspace.vnbrims.org:13000/jspui/bitstream/123456789/4735/1/Management%20-%20Tasks%2C%20Responsibilities%2C%20Practices.pdf

Frank R. (2007). *Microeconomics and Behavior*, 7th ed. (McGraw-Hill).

Gerard D. (1972, September 10). *Theory of Value: An Axiomatic Analysis of Economic Equilibrium*. Yale University Press, New Haven CT.

Gilmour P. M. (2022). Freeports: Innovative trading hubs or centres for money laundering and tax evasion? *Journal of Money Laundering Control*, *25*(1), 63–71. doi:10.1108/JMLC-01-2021-0002

Gitman L., Zutter C. (2019). *Principles of Managerial Finance*, 14th edition, Addison-Wesley Publishing, ISBN 978-0133507690.

Gordon J. (2022). Perfect Competition — Explained: What is Perfect Competition? https://thebusinessprofessor.com/en_US/economic-analysis-monetary-policy/perfect-competition-definition

Gretsky N. E., Ostroy J. M., Zame W. R. (1999). Perfect Competition in the Continuous Assignment Model. *Journal of Economic Theory, 88*(1), pp. 60–118.

Groenewegen P. (2011). Notions of Competition and Organised Markets in Walras, Marshall and some of the Classical Economists.

Higham C., Setzer J., Narulla H., Bradeen E. (2023, March). Climate change law in Europe: What do new EU climate laws mean for the courts? (PDF) (Report). Grantham Research Institute on Climate Change and the Environment. p. 3. Retrieved 2 April 2023.

Howe N., Strauss W. (1991). *Generations: The History of America's Future 1584–2069*. New York.

Kim JY, Rhatigan J, Jain SH, Weintraub R, Porter ME. (2010, March). From a declaration of values to the creation of value in global health: a report from Harvard University's Global Health Delivery Project. *Global Public Health, 5*(2), 181–88.

Kirzner I. (1981). "The 'Austrian' perspective on the crisis", in D. Bell and I. Kristol (eds), *The Crisis in Economic Theory*, New York: Basic Books, pp. 111–38.

Krep D. M. (1990). *A Course in Microeconomic Theory*. New York: Harvester Wheatsheaf.

Lee F.S. (1998). *Post-Keynesian Price Theory*. Cambridge: Cambridge University Press.

Lipsey R. G., Lancaster K. (1956). The General Theory of Second Best. *Review of Economic Studies, 24*(1), 11–32. doi:10.2307/2296233.

Lordkipanidze R. (2022). Unspeakably big recognition for me (for future understanding of perfect competition, genius Wikipedia used my ResearchGate work when discussing market fundamental concepts). — Professionalism and Law-obedience in Everything and for Strong INTERPOL on Foundations of American Lessons to the Best Life (Issue N114): https://dx.doi.org/10.13140/RG.2.2.29619.50725

Lordkipanidze R. (2023). New Understanding of Law of Supply and Demand and Perfect Economic Competition for Effective Economic Growth and Political Systems. *Theoretical Economics Letters*, https://doi.org/10.4236/tel.2023.135063

Lordkipanidze R. (2024). Great keenly needed news: Global encyclopedia Wikipedia published about my innovation in understanding the main fundamental issue of economics — "Perfect Competition". For UN, INTERPOL and Peaceful NATO: 177: 20. https://dx.doi.org/10.13140/RG.2.2.31513.22883

McNulty P. J. (August, 1967). A note on the history of perfect competition. *Journal of Political Economy, 75*(4), pt. 1, pp. 395–99.

Novshek W., Sonnenschein H. (September, 1987). General Equilibrium with Free Entry: A Synthetic Approach to the Theory of Perfect Competition. *Journal of Economic Literature, 25*(3), pp. 1281–306.

Petri F. (2004). *General Equilibrium, Capital and Macroeconomics*. Cheltenham: Edward Elgar.

Porter M. (2008). *The Five Competitive Forces That Shape Strategy*. Harvard Business Review.

Porter M. (2019). What is New in Health Care from the Institute for Strategy and Competitiveness. Harvard Business School.

Porter M., Heppelmann, J.E. (2017). Why Every Organization Needs an Augmented Reality Strategy. *Harvard Business Review*, pp. 46–62.

Roberts, J. (1987). Perfectly and imperfectly competitive markets. *The New Palgrave: A Dictionary of Economics*, *3*, pp. 837–41.

Roger L. M. (1982). *Intermediate Microeconomics Theory Issues Applications*, Third Edition, New York: McGraw-Hill, Inc.

Sickles R., Zelenyu V. (2019). *Measurement of Productivity and Efficiency: Theory and Practice*. Cambridge: Cambridge University Press. doi:10.1017/9781139565981

Stigler J. G. (1987). *Competition, The New Palgrave: A Dictionary of Economics*, Ist edition, vol. 3, pp. 531–46.

Stiglitz J. E., Atkinson A. B. (1980). *Lectures on public economics*. London — New York: McGraw-Hill Book Co.

Marynchak Y. (2019). *Importance of a Free Zones for Public Finances. Theoretical and methodological approaches to the formation of a modern system of enterprises, organizations and institutions' development* (1st ed.). Dallas: Primedia eLaunch LLC. pp. 157–158. doi:10.36074/tmafmseoid.ed-1.15