



# **„What have economists ever done for us?”**

**some remarks on the usefulness of economics in  
competition law**

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Making sure that our story makes sense in the given context:

- relevance
- internal coherence
- consistency with available evidence

# How can economics help?

- internally consistent framework for goals of competition law - relevant stories
- economic models - coherent stories
- quantitative methods - stories backed by evidence

# How can economics help?

No silver bullet - economists may disagree as well

No escape from economic analysis in competition law - the stories we tell are economic in nature

# Where does economics really make a difference?

- complicated markets
- atypical practices/theories of harm
- where simple intuition fails (two-sided markets, externalities)
- quantitative evidence

# Where is economics used in practice?

- market definition
- building and testing theories of harm
- identifying effects of practices
- market studies, regulatory impact analyses
- analysing the effects of mergers
- quantifying the price effects of mergers
- quantifying the harm/damages

- all Phase II mergers, problematic Phase I cases
- antitrust cases: economists consulted at all stages: case selection, building theories of harm, drafting of decisions, replying to economic evidence supplied by the parties
- all market studies, advocacy (governmental legislative process)
- a lot of analyses, usually not very sophisticated

## Economic evidence presented by the parties

- appearing more and more frequently, esp. in merger cases
- uneven quality (poor to world-class)
- relatively little demand for advanced/technical evidence - courts, counsels, case handlers not prepared to evaluate the quality and validity of analyses („economists writing for economists”)
- relatively frequent problem - apparent bias



# Examples of cases where economics made a difference

- **fact-finding investigations:**
  - sugar (alleged collusion on prices),
  - fuel distribution (alleged margin squeeze)
- **antitrust:**
  - fox vaccines case
  - bid rigging cases
  - anticompetitive bidding consortium case
  - interchange fees in card payments
- **mergers:**
  - phone directories
  - Empik/Merlin (book distribution)
  - Aster/UPC (cable TV)
  - hypermarkets

# Thank you!

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