SCAPE Seminar: Competition Authority Substantive Standards and Social Welfare

Speaker: Professor Yannis Katsoulacos  
Chairman of Department of Economics, Athens University of Economics and Business

Date: 27 April 2015 Monday

Time: 4:00pm-5:30pm

Venue: Lim Tay Boh Seminar Room, AS2-03-12, 1 Arts Link, National University of Singapore, 117570

Chair: Professor JULIAN WRIGHT  
Head of Department of Economics, NUS

Abstract:

Recent years have witnessed a significant resurgence in the debate concerning the optimal substantive standard to be used in the enforcement of competition law. One of the arguments proposed for using a Consumer Surplus standard, is that, when firms can choose from a number of mutually exclusive actions, it may induce firms to adopt actions that lead to a higher level of total welfare than would a Total Welfare standard. This important basic insight, initially due to Lyons (2002), has been discussed and extended in the more recent literature always in the context of mergers. In this paper we generalise and re-examine this argument for any anti-competitive action – we have in particular in mind actions often challenged as attempted monopolisation (abuse of dominance) or vertical restraints, taken by firms in different environments. We show that in the absence of efficiencies the two standards lead to exactly the same outcomes. A choice between them becomes important when there are positive
marginal-cost reducing efficiencies. For this case we confirm the presence of what we term a Lyons-effect in this more general setting. We also examine how the choice of standard depends on a number of parameters. Most important in terms of their policy implications are the results that the Consumer Surplus standard will be the optimal choice, when the extant market power is significant, when the size of marginal cost-reducing efficiency effects is large and when the difference in the market power raising effects of mutually exclusive actions is large. When extant market power is low or there are no marginal cost-reducing efficiency effects (or they are small), or there are significant asymmetries in the efficiencies of the different actions, the Total Welfare standard will be the optimal choice.

About the Speaker

Professor Yannis Katsoulacos is the Chairman of the Department of Economic Science of the Athens University of Economics & Business (AUEB). He was a Commissioner for 10 years in the Hellenic Competition Commission (HCC) participating in over 150 decisions involving mergers, agreements and abuse of dominance cases. He was also involved in the expert committees advising the government on all the major amendments of Greek Competition Law (1995, 2000, 2011). And since 2011 he is a Senior Academic Consultant of CRA (London) and have been adviser in many important cases involving multi-national and major Greek corporations (PepsiCo, Colgate-Palmolive, Bosch-Siemens, Philip Morris, Greek Steel Industry, Hellenic Petroleum, Public Power Corporation, etc). His main research interests are Competition Policy, Sectoral (Telecom and Energy) Regulation, the Economics of Technical Change and Innovation, and Environmental Regulation. He has been the author or co-author of a large number of articles, over 30 of which appear in international refereed journals. He has also written 9 books and has edited or co-edited a large number of books. Work which he has authored or co-authored has been cited in over 1500 scientific articles, many of which have appeared in some of the top international academic journals.

Admission is free and all are welcome. For Registration and enquiries, please contact:

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