

CEPR Competition Policy RPN - Online Event

**Antitrust Enforcement, Inflation and Corporate Greed.**

**What do we know?**

**14 July 2022**

**4.05 - 4.25 PM (CET)**

**Andrea Coscelli - Fireside chat with Cristina Caffarra**



**Andrea Coscelli**  
(CEO, UK CMA)



**Cristina Caffarra**  
(Managing Partner, Keystone)

**Cristina Caffarra, Deputy Chair of the Competition Policy Research and Policy Network (RPN) and Managing Partner at Keystone, interviewed with Andrea Coscelli in his last week as CEO of the UK Competition and Markets Authority (CMA).**

Andrea Coscelli has achieved an enormous amount in his 6 years as the CEO of CMA, not just shaping events in the UK but internationally. His achievements are widely acknowledged by his fellow enforcers and the antitrust community worldwide. They include providing the rationale for and taking much stronger enforcement action, undertaking important market studies into digital economy issues, taking cases on excessive pricing which is rarely done and, of course, being the first enforcer in the world to seek to block a merger by one of the GAFAM dominant digital companies.

The Competition Policy RPN was delighted to have had what is likely the last interview Andrea gave as CEO of the CMA.

Cristina Caffarra is the co-founder of the Competition Policy RPN and is one of the closest and most astute observers of antitrust enforcement world-wide.

What follows is a high-level summary of the interview, not a verbatim transcript of what was a private discussion for the RPN members who attended the session.

**Q1 . What motivated your view that there has been past under enforcement?**

There are three points to make.

First, as CEO you get exposed to a wider range of stakeholders, for example, consumer groups, small business, parliamentarians. They see the world differently to an IO economist and so you are forced to confront wider perspectives. If you engage with this properly you begin to see that in some ways, the economic IO lens on issues is a bit narrow.

So, the first step was to see the world more broadly and so more realistically. With this in mind, to broaden perspectives within the CMA I made sure the economists, lawyers, data scientists and business analysts work as one team from the start, rather than providing their input separately.

Second, within the CMA we tried to focus on the most relevant economic literature. This saw more weight given to empirical analysis rather than theory, and a realisation that some IO models are too simplistic. To assist we set up a data technology unit.

But we also read widely and drew on the thoughtful analysis that was available; for example, the excellent book by Thomas Philippon, the Furman Report and the work of the Stigler Centre. This saw us raise our gaze from casework and appreciate, from a sound economic lens, where antitrust was currently lacking.

Third, we also engaged with the political economy process given the large lobby against enforcement. This meant, for example, engaging with Ministers and being ready to defend our position against the arguments from the interested parties being put to Ministers.

Needing to do this helps shape your thinking, but also means you cannot ever sit back thinking your work is done.

**Q2. What economic analysis did you find most useful as an enforcer, given that you must receive a flood of reports?**

I have already mentioned our focus more on empirical work over theory.

Stepping back, the institutional design of agencies is important. Administrative agencies are better able to focus on sound economics and come to the right answer than prosecutorial agencies such as in the US and Australia. This is because they are the decision makers rather than the courts, where the focus is more on legal issues and court processes.

Regarding economic reports we must always be sceptical of the motivation of who has funded them. That said, we assess the content to see what we can learn from it. More important, we cross check it with, for example, documents internal to the companies, interviews and feedback from other interested parties.

The best way for an economic report to lose credibility is if it is at odds with the sponsoring company's own internal documents. Economists need to focus on how they can best contribute to good outcomes in each case.

**Q3. Under you the CMA has taken on for the first time an acquisition by a GAFAM company. Can you give us some perspectives on this given some of the criticism you have faced?**

I will keep this very high level given the sensitivity of this matter.

We had to grapple with the issue that has confronted competition agencies all around the world, that of "potential competition".

We assembled an integrated team, as I have mentioned previously. We obviously had access to internal documents, discussion with competitors and the like.

The focus was on dynamic competition given Facebook's market power and systematic program of acquisitions, including of potential competitors. This is an issue, of course, as competition must come from somewhere or the current market structure will be entrenched.

As also already mentioned we drew on economic thinking on such markets from Furman and the Stigler Institute, as examples, and their focus on the need to give new entrants some space to grow.

The court's recent decision is worth reading in terms of how it dealt with dynamic competition.

**Q4. There is a debate about the wider role of antitrust, particularly in terms of considering levels of market concentration and issues of distribution. Where do you sit in this debate?**

In some ways the CMA has been at the heart of this debate with our State of Competition reports. We also work with other UK agencies on issues such as online safety and privacy.

At the end of the day, however, we have a specific legal mandate we must work within. When asked, say by the Government, to address issues where the solution is beyond this mandate, we point this out, but also, we also try to be helpful and suggest how they can best achieve what they are seeking to do.

**Q5. What are the biggest gaps in the economic advice and submissions you get?**

We train economists to think in certain ways so that the situations they confront must meet certain frameworks. But often the thinking this produces is too narrow and does not fit the problem at hand. I O e economists need to be more open-minded and incorporate insights from business school thinking, market analysis, data scientists and engineers to think issues through and understand what is really going on in a market and what are the strategies of firms.