



EU Antitrust Reform



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The Problem

Concentration and

market power

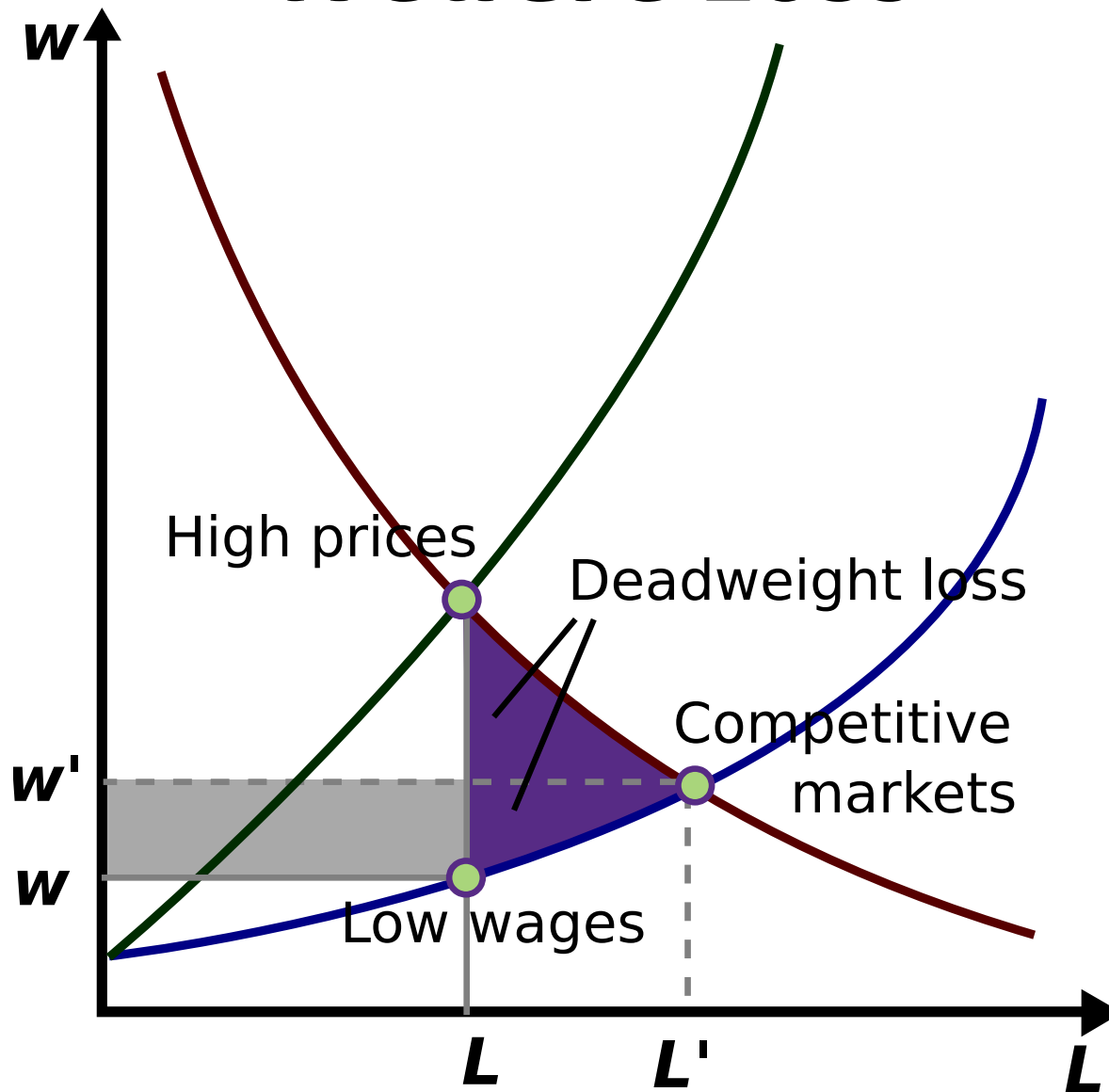
are producing

negative effects to society

Unchecked Corporate Power

The welfare cost of
market power
is estimated to be at least
7 percent of GDP

Welfare Loss



Central goal of Antitrust

- 1) Protect democracy**
- 2) Protect small business**
- 3) Protect local control**
- 4) Prevent rentseeking**

Prevent Rentseeking

prevent *transfers of income* from
labor
to *large corporations* with
market power

EU Antitrust Regime

- The principal mechanism for limiting antitrust enforcement is the Consumer Welfare Theory
- Fixated over short-run price effects
- Ignores adverse effects on workers, suppliers, product quality, and innovation

Modern Antitrust



Modern Criteria

- 1) Protect individuals, purchasers, consumers, producers**
- 2) Preserve opportunities for competitors**
- 3) Promote individual autonomy and well-being**
- 4) Disperse and de-concentrate private power**

Effective Competition Standard

Agencies and courts shall use the preservation of competitive market structures that protect individuals, purchasers, consumers, and producers; preserve opportunities for competitors; promote individual autonomy and well-being; and disperse private power as the principal objective of the European antitrust laws.

EU Competition Policy Reform

- Replace the “consumer welfare” criterion in the Guidelines on the application of Article 101(3) TFEU with the modern “effective competition” standard
- Competition policy should accept political priorities by democratically elected governments, for example, through the passage of laws
- The same goes for enforcement priorities
- Prevention, rather than sanction

Questions?



Appendix

- 1) What is Market Power?
- 2) Consumer Welfare Theory
- 3) Sources

What is Market Power?

- Fix purchase or selling prices
- Wage- or price-discrimination
- Impose non-price contractual provisions
- Impede or control entry by would-be competitors
- Earn profits in excess of their market cost of capital

Consumer Welfare Theory

- Ranked consumers over workers
- Fixated over short-run price effects
- Promotes pervasive negative externalities
- Ignores supply chains, including the labor market
- Biased in favor of big business and the wealthy
- Leads to under-enforcement of competition law

Sources

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<https://www.thesling.org/the-consumer-welfare-standard-and-the-goals-of-antitrust-policy/>
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