

# Assessing Competition Policy: Methodologies, Gaps and Agenda for Future Research

## BACKGROUND

- Research by academics and competition agencies on evaluating competition policy has grown rapidly in the last 10 - 20 years, and this is a good time to ask 'what have we learned so far?' and 'what are the pressing questions for future research?'

## METHODOLOGY

- The authors survey the literature in order to:
  - i. assess the fitness for purpose of the main quantitative methodologies employed; and
  - ii. identify the main undeveloped areas and unanswered questions for future research.
- For each area of activity, an assessment is provided of the extent of the academic literature and Competition Authorities' evaluations, classified by three key methodologies: simulation, event studies and difference-in-differences. Each of these evaluation methodologies is described and assessed.
- The authors discuss the fundamental issue in any evaluation exercise: the choice of counterfactual.
- The authors consider the possibility that results may be seriously undermined by pervasive biases in the nature of sample cases typically used in evaluation.

## KEY FINDINGS & POLICY ISSUES

- Competition policy evaluation takes four broad forms: accountability, assessment of specific policies, assessment in the broader academic literature, and estimating damages and fines.
- The literature survey suggests that policy evaluation is necessarily an imprecise science and that all existing methodologies have strengths and limitations.
- The areas where the need is most pressing for further work include the following:
  - understanding why Article 102 cases are only infrequently evaluated;
  - the need to bring conscious discussion of the counterfactual firmly into the foreground; and
  - a wider definition of policy to include success in deterrence and detection.

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## CCP Policy Briefings

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**THE CCP**

The ESRC Centre for Competition Policy (CCP), at the University of East Anglia, undertakes competition policy research, incorporating economic, legal, management and political science perspectives, that has real-world policy relevance without compromising academic rigour.

**FOR MORE INFORMATION**

The full working paper (10-19) and more information about CCP and its research is available from our website: [www.uea.ac.uk/ccp](http://www.uea.ac.uk/ccp)

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