

Competition Policy Analysis associated in the Competition Policy Analysis and the Competition Policy A

Edited by **Einar Hope**



London and New York

Contents

	List of figures	1X			
	List of tables	X			
	List of contributors	xi			
	Preface	xiii			
	Introduction	1			
	EINAR HOPE				
1	Towards a competitive society? The promotion of				
	competition as a goal of economic policy	6			
	AGNAR SANDMO				
	Introduction 6				
	Some history of thought 7				
	The scope of competition policy 9				
	Competition and efficiency 11				
	Competition and income distribution 14				
	Implications for the organization of competition policy 16				
	Notes 18				
	References 19				
2	Competition law and policy: achievements and failures				
	from an economic perspective	20			
	FREDERIC JENNY				
	Some questionable assumptions 21				
	The legitimate goals of competition law and competition policy 22				
	Relationship between competition law and policy and economic development 24				
	Economic theory and the legal instrument 26				
	Economic analysis as a guide to competition law enforcement Conclusion 34	31			

Competition policy and market dynamics VICTOR D. NORMAN	35
Introduction 35 An incentive-oriented approach to competition analysis 36 Some implications for competition policy 40 Note 42	
Who should be responsible for competition policy in regulated industries? NILS-HENRIK M. VON DER FEHR	43
Introduction 43 Objectives, tasks and instruments 44 Organizational models 46 Organizational challenges 50 Principles of good (government) organization 55 Conclusion 59 Notes 61 References 63	
Implementation of second-best solutions: the judge or the bureaucrat? A lawyer's perspective ANDERS CHR. S. RYSSDAL	65
Introduction 65 The new generation of competing statutes 66 The need for enforcement decisions 66 The rule of law 67 The status of economic analysis 68 Administrative vs. judicial enforcement 70 Capture theories 71 Information asymmetries 72 Rent-seeking 74 Conclusion 76 References 76	
Competition policy with a Coasian prior? SVEND HYLLEBERG AND PER BALTZER OVERGAARD Introduction 78 The Coasian prior 80 The incentive approach 81 Practice and institutional problems 83	78
	VICTOR D. NORMAN Introduction 35 An incentive-oriented approach to competition analysis 36 Some implications for competition policy 40 Note 42 Who should be responsible for competition policy in regulated industries? NILS-HENRIK M. VON DER FEHR Introduction 43 Objectives, tasks and instruments 44 Organizational models 46 Organizational challenges 50 Principles of good (government) organization 55 Conclusion 59 Notes 61 References 63 Implementation of second-best solutions: the judge or the bureaucrat? A lawyer's perspective ANDERS CHR. S. RYSSDAL Introduction 65 The new generation of competing statutes 66 The need for enforcement decisions 66 The rule of law 67 The status of economic analysis 68 Administrative vs. judicial enforcement 70 Capture theories 71 Information asymmetries 72 Rent-seeking 74 Conclusion 76 References 76 Competition policy with a Coasian prior? SVEND HYLLEBERG AND PER BALTZER OVERGAARD Introduction 78 The Coasian prior 80 The incentive approach 81

	Notes 85 References 86	
7	The Australian competition policy reforms ALLAN FELS	87
	Introduction 87 A comprehensive national competition policy 87 Structural reform of public monopolies 89 Access to facilities 90 Prices oversight 98 The interaction between competition policy and regulation 99 Telecommunications case study 104 Conclusion 107 Note 108	
8	Competition policy in the information economy CARL SHAPIRO	109
	Introduction 109 A brief strategic guide to the information economy 110 Horizontal mergers 113 Vertical and complementary mergers 118 Standard-setting and cooperation 120 Unilateral conduct by dominant firms 122 Conclusion 124 Acknowledgements 125 Technical appendix 125 Notes 130 References 130	
9	Regulating manufacturers and their exclusive retailers MARGARET E. SLADE	133
	Introduction 133 The choice of retail organizational form 136 Exclusive retailers and the law 139 Three cases of regulation of manufacturers and their exclusive retailers 140 Conclusion 145 Notes 146 References 148	

Conclusion 84

10	Deregulating Norwegian airlines KJELL G. SALVANES, FRODE STEEN AND LARS SORGARD	150
	Introduction 150 The regulation era: legal monopolies and market segmentation 150 Compete, collude or both? 152 Why collusion on prices? 154 Clustering of departures? 155 Policy implications 158 Notes 160 References 162	
11	Resource allocation by a competition authority STEPHEN MARTIN	165
	Introduction 165 The firm's problem 166 The competition authority's problem 170 Tacit collusion 183 Conclusion 184 Appendix 185 Acknowledgement 197 Notes 197 References 199	
12	European state aid policy: an economic analysis TIMOTHY BESLEY AND PAUL SEABRIGHT	200
	Introduction 200 The literature relevant to state aids 203 An alternative analytical framework 212 Policy implications 223 The Commission's procedure in its analysis of cases 229 Conclusion 236 Notes 237 References 237	
	Index 239	