

TARGETED EX POST EVALUATIONS IN A DATA POOR WORLD

LILLA CSORGO

Harshal Chitale

Competition agencies have faced increased pressure to demonstrate their worth by showing that they have positively contributed to consumer surplus or the efficiency of the economy as a result of their decisions. As a result, there has been increased interest in carrying out ex post reviews of merger decisions. These reviews typically seek to determine whether prices have increased as a result of a cleared merger, a question that is fraught because of the empirical challenges of an accurate assessment and the limited value of the assessment. A demonstration that prices did in fact rise and that that increase can be attributed to the merger may tell us something about the correctness of the decision in that transaction but not about decisions in other transactions more generally. The Commerce Commission, as a result of this and the paucity of data that would allow for a difference-in-difference approach to ex post merger evaluation, has changed its approach to such evaluations. Rather than seeking to determine the veracity of a decision, the Commission carries out investigations that seek to determine whether anticipated market developments that were key to its decision, such as entry or increased imports, did in fact take place and if not, why not. This is done across a wide number of transactions with the goal of determining which techniques and types of evidence best serve its purpose. This paper outlines this ex post methodology and presents learnings to date.