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Article

New directions in competition policy: an overview

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Abstract

Competition policy has faced increasing scrutiny in recent years, with tension between traditional antitrust frameworks and contemporary critiques, including the 'hipster antitrust' movement. Some of the critics contend that competition policy has failed to address the growing market power of dominant firms, especially in the digital sector. This issue of the *Oxford Review of Economic Policy* explores the validity of these claims and their potential implications for the future of competition policy. It also examines how emerging methodologies, particularly those rooted in data science, can enhance our understanding both of how firms behave and how competition authorities and courts make decisions. This article summarizes a diverse range of contributions from academics, regulators, and practitioners in law and economics. It concludes with a discussion of how competition economics might adapt to the challenges posed by the hipster antitrust movement and the rapid changes in how firms compete.

Keywords: competition policy, evaluation, consumer welfare standard, post-Chicago consensus, neo-Brandeisian critique.

JEL codes: K21, L40

I. Introduction

Competition policy has profound impacts on economic performance, affecting the structure of industries and the productivity of countries, as well as setting limits on whether and how large companies can take advantage of their market power. It has as great a public profile as ever before. Decisions to prohibit or allow large mergers, such as the 2023 merger of Microsoft and Activision, can be front-page news outside of the specialist business press, while fines for abusive behaviour are sufficient to make even the largest companies pay attention—the European Commission has fined Google alone more than €8 billion for competition breaches since 2017.

But competition economics is under attack. Or, to be more precise, competition economics as a tool to help policy is under attack. As an academic field, it remains in rude health, with significant advances in theory and empirics, particularly stimulated by greater availability of data and new tools to analyse them. However, the role of economists in making policy or supporting competition enforcement has been challenged fundamentally in recent years. Economists are criticized as being out of touch with developments in digital markets—or, worse, as being nothing more than hired guns for the most powerful firms, committed to approaches that help to entrench monopoly positions.[1]

In this special issue we bring together a wide range of opinions from academia, policy, and private practice to shed light on the current state of the debate and to help understand how economics in competition policy might develop. In this overview, we first summarize how competition authorities' approaches have evolved over time, before describing differing views on the principles of competition policy. We then outline some aspects of how competition

[1] Valletti (2024).

policy is applied in practice, before diving into digital competition in particular, which has been the most contested area in recent debates. Finally, we summarize and suggest how competition economics might evolve.

II. How did we get here?

The importance of free competition to the effective working of an economy—and perhaps a society—is emphasized in some of the earliest writings of the classical economists. Most famously, it is core to Adam Smith's critique of mercantilism in *The Wealth of Nations*, summarized in his claim that 'People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.'[2]

However, Smith went on to state that 'It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice.' And Smith's successors played little role in the initial attempts to create a legal framework to combat restraints of trade and monopolization. In the US, the 1890 Sherman Act and the 1914 Clayton Act were driven by political and legal concerns about the power of large companies and the 'robber barons' who ran them.[3] Alfred Marshall was contemporaneously systematizing the logic of how monopoly power could harm consumers—but this had little immediate influence on policy developments.

It is only in the 1950s that we can begin to discern a clear role for economists in helping to drive competition policy and enforcement. In several important papers and books, Joe Bain developed the structure–conduct–performance (SCP) paradigm, drawing on the insights of Edward Chamberlin and Joan Robinson. This approach posited a clear link between the structure of an industry (for instance, in terms of entry barriers and numbers of firms), its conduct (for instance, pricing behaviour and collusion), and ultimate performance (including prices and efficiency). So, if lax merger policy results in an industry having only a handful of firms, that industry will likely have high prices and a high probability of collusion, resulting in inefficiency and poor outcomes for society. In terms of policy influence, the approach reached its high water mark with the publication of the 1968 US Department of Justice Merger Guidelines, which stated that 'Market structure is the focus of the Department's merger policy chiefly because the conduct of the individual firms in a market tends to be controlled by the structure of that market'.

However, the SCP paradigm soon faced sustained criticism from a group of prominent legal and economic researchers, several of them based at the University of Chicago, who became associated with the 'Chicago critique' of antitrust enforcement. Scholars such as Robert Bork, Richard Posner, and George Stigler argued that antitrust enforcers were failing to make convincing arguments for how prohibited practices would harm consumers, or even be rational on behalf of the firms involved. For instance, Bork argued that tying or exclusive dealing arrangements between vertically related firms would typically not expand total profitability. An upstream monopolist manufacturer already has the incentive and ability to earn the monopoly price—it cannot increase its profits by tying its product to one of the downstream retailers. Arguments to the contrary make 'the simple arithmetical error of counting the same market power twice'.[4] In relation to horizontally related firms, Chicago scholars argued that high market shares were often a consequence of firms competing vigorously, with one firm earning a strong position as a result of its greater efficiency or more attractive products. Intervening in such circumstances would merely penalize a firm for its success.

The Chicago critique influenced significant changes in antitrust enforcement, in particular through a greater emphasis on consumer welfare (predominantly measured by assessing whether a merger or potentially anticompetitive practice increases or decreases consumer prices), but also through increased scepticism about the efficacy of intervention. Harms resulting from flawed legal or regulatory interventions, it was argued, were typically more significant and long-lasting than those resulting from firms' attempts at monopolization: 'The economic system corrects monopoly more readily than it corrects judicial errors.'[5]

The overall tenets of the Chicago critique were widely accepted from the late 1970s. However, more in-depth research, drawing on insights from game theory in the 1980s and 1990s, began to show that some of its conclusions were too broad-brush. For instance, Ordover *et al.* (1990) demonstrated how vertical foreclosure (the exclusion of a downstream firm from an essential source of supply) could arise as an equilibrium phenomenon, and be harmful to consumers.[6] Such research helped to promote the development of a 'post-Chicago' consensus, which accepted

[2] Smith (1776, Book 1, Chapter X).
[3] We focus here on developments in the US, which have historically driven global competition policy. The EU has generally followed similar lines, but with some important differences, notably resulting from its emphasis on market integration.
[4] Bork (1978).
[5] Easterbrook (1984).
[6] See also Riordan and Salop (1995) on vertical mergers.

that consumer welfare should be at the centre of antitrust enforcement, but emphasized the need for detailed case-by-case analysis of whether welfare would be harmed or increased. Particularly in Europe, the post-Chicago consensus has also been associated with a broader approach to consumer welfare than just focusing on prices, including longer-term effects on innovation.

In Kovacic (2003)'s terms, we had then reached the 'Goldilocks' position, with antitrust enforcement neither too furious in condemning market power for its own sake, nor too sanguine in assuming that regulatory intervention can never be justified. However, particularly in the US, the period after the global financial crisis in 2008 saw increasing challenge to this consensus, in the context of high economic inequality and perceived excessive power and profits of the largest firms. For instance, Baker and Salop (2015) noted that median incomes in the US had been declining since 2000, and argued that this had likely resulted in part from a more permissive approach to antitrust enforcement. Khan (2017) took aim at the use of a consumer welfare standard, arguing that 'the potential harms to competition posed by Amazon's dominance are not cognizable if we assess competition primarily through price and output. Focusing on these metrics instead blinds us to the potential hazards'. The economic profession has borne some of the blame, with commentators arguing that the economic approach to competition enforcement has in practice been too time-consuming,[7] or even that economic consultants have deliberately adopted strategies of 'spamming the regulator' to make enforcement more difficult (Jugl *et al*., 2024).

It is important to note that the evidence base behind these claims remains disputed. Perhaps the most cited work to date is that of de Loecker *et al*. (2020), who estimated that average mark-ups above marginal costs in the US increased from 21 per cent in 1980 to 61 per cent in 2018. But Shapiro and Yurukoglu (2024) disagree, arguing, based on their summary of several measures, that 'the economic evidence that looks across many industries over a long period of time does not support the view that there has been a widespread decline in competition in the US economy over the past 25 or 40 years'. Moreover, where there is evidence of underenforcement, it is predominantly related to competition problems that advocates of the *status quo ante* would recognize—particularly mergers between competitors in the same market—rather than to conglomerate firms or vertical agreements.[8] In Europe, there is much less evidence available to judge in either direction—though several of the authors featured in this issue are doing important work to remedy this.

The debate in academic journals exploded into policy circles in the late 2010s. Widely cited books by Thomas Philippon (2019) and Tim Wu (2018) helped to popularize the idea that antitrust enforcement had gone badly wrong. While authors such as Philippon, Wu, and Khan had substantial differences in view, they were clustered under the heading of 'hipster antitrust' (or, less catchily, neo-Brandeisians, in honour of Louis Brandeis, a US Supreme Court justice from 1916 to 1939). Reflecting the shifting policy debate, in December 2023, the US Federal Trade Commission (by this time headed by Lina Khan) and the Department of Justice issued new merger guidelines. Salinger (2024) states that 'Relying heavily on legal analysis, the 2023 Merger Guidelines argue for a fundamental shift in antitrust enforcement that places more emphasis on protecting competitors and less on protecting the beneficiaries of competition.'

The hipster antitrust movement grew predominantly out of developments in the US, but there have been important changes in approach in other jurisdictions, too. Notably, the Furman review (in the UK) and the Crémer review (in the EU) identified limited competition in digital sectors, and recommended *ex ante* regulation of major tech firms, rather than relying on *ex post* interventions when competition problems emerge.[9] The resulting EU Digital Markets Act was deliberately designed not to use many of the standard tools that economists have developed for use in competition cases, such as market definition and analysis of effects, instead formulating simple quantitative thresholds based on factors such as a company's revenues and market capitalization.[10] While the UK Digital Markets Unit appears likely to make greater use of the existing toolkit, the Competition and Markets Authority (CMA) has become significantly more willing to intervene in mergers in recent years, particularly in the tech sector, and has adopted new merger guidelines.[11]

The hipster antitrust movement has thus had significant influence on both policy debates and practice. But it remains far from defining a new consensus, and the consumer welfare standard remains at the core of the approach of most antitrust agencies and courts. We therefore stand at a potential inflection point—will the post-Chicago

[7] Geradin and Huijts (2024) discuss the evidence for this claim in this issue.
[8] That is, based on standard approaches to potential consumer harms. It is hard for us to assess the extent to which large firms might have had detrimental impacts on the democratic process, as authors such as Lina Khan assert.
[9] Furman *et al*. (2019), Crémer *et al*. (2019).
[10] See Fletcher *et al*. (2024).
[11] Euclid Law (2023), CMA (2021).

consensus survive the attacks of its critics, will there be a return to a pre-Chicago structuralist approach to antitrust enforcement, or will a genuinely new approach emerge?

III. Principles of competition policy

Several of the papers in this issue are concerned with questions of the overarching principles that competition policy should follow. Gregory Werden (2024) outlines the differences among philosophies of competition in terms of their intensity, scope, and focus. For instance, a neo-Brandeisian might advocate for stringent enforcement, a wide scope (including intellectual property and labour markets), and an emphasis on simple rules that help to preserve the structure and processes of competition (rather than attempting to estimate the effect of a particular practice on consumer welfare). Werden argues that competition authorities should make clear their philosophies, rather than providing vague mission statements, and makes the case for his own position—a narrow scope, a focus on the competitive process, and medium or low intensity of enforcement, in order to protect rather than supplant market mechanisms.

Jorge Padilla (2024) considers specifically the role of economics in competition policy. He makes a qualified defence of the profession against the claim that it is responsible for (alleged) underenforcement in recent years. For Padilla, increasing use of economic tools has helped to improve the quality of decision-making, while the consumer welfare standard should allow for assessment of a wide range of non-price factors, including effects on innovation and distributional and political impacts. Where this does not happen, it is the fault of authorities or courts, not the standard itself. Padilla accepts, however, that many economists have overestimated the capacity of markets to self-correct, particularly where there are significant barriers to entry, and that economists have also paid too little attention to the administrability of rules that could be costly and cumbersome. He concludes by arguing for doing economics better, not doing less economics, supported by more evaluations and greater transparency of economic evidence.

Alongside calls for a change in the objective of competition policy have been calls for a more prominent role for industrial policy, i.e. for government-led strategies aimed at promoting the development and growth of specific regions or industries. Diane Coyle (2024, this issue) discusses the relationship between competition policy and such reinvigorated approaches to industrial policy in several OECD countries, seen notably in the CHIPS and Science Act in the US and the European industrial strategy. She argues that this relationship is likely to result in several areas of potential conflict, for instance in balancing the benefits of coordination on standards and procurement approaches against the possible costs of reduced competition. Coyle concludes that there are two major institutional challenges that remain unsolved: how to combine expert analysis with political legitimacy, particularly where normative and positive questions are intertwined; and how to coordinate policies across bodies whose remits may conflict.

Overall, we can see two main fault lines in current debates around the principles of competition policy:

1. First, defining the correct objective of competition policy—should consumer welfare be the only or the main objective, or are other approaches required, for instance including impacts on workers or on political processes? Should there be greater scope for interventions designed to support strategic industries?
2. Second, the role of economics in competition policy and enforcement—can an economic approach be made administrable in reasonable timeframes, and what changes might be required for this to happen?

We return to these questions in the following section after considering how competition policy is applied in practice.

IV. Competition policy in practice

Given the calls for reform, it is important to take stock of how competition policy works in practice, and how the application of economics to competition questions has been evolving. A notable development in recent years has been the use of quantitative evidence to understand how competition authorities and courts actually make decisions. This has been supported by more sophisticated techniques drawn from data science, such as the use of natural language processing to track particular themes or methodologies in court and authority decisions.

Tomaso Duso, Lea Bernhardt, and Joanna Piechucka (2024), in this issue, provide an example, applied to EU merger cases. They use natural language processing techniques to categorize the main theories of harm applied by the European Commission between 1995 and 2022, and show that there has been substantial evolution over that time period. Most basically, there has been increased emphasis on unilateral theories of harm, particularly the price

increases that might result from the elimination of a competitor following a merger. But the EC has also investigated several more novel theories of harm, including those where harm is expected to emerge as a result of reduced R&D spending or the aggregation of consumer data in digital markets. The use of both internal documents and quantitative analysis has increased over time, suggesting that the EC is using more sophisticated evidence to assess the likely effects of mergers.

Increasing empirical evidence on how authorities make decisions has informed normative claims about what they should do. Based on analysis of hypothetical mergers in the US brewing industry, Nocke and Whinston (2022) argue for increased use of concentration screens in merger analysis, whereby a merger would typically be prohibited if it led to a substantial increase in market concentration.[12] In a similar vein, Affeldt *et al*. (2021) assess EU merger decisions between 1990 and 2018 and calculate the extent of efficiencies that would be required for the merger to benefit consumers. Both Nocke and Whinston and Affeldt *et al*. conclude that enforcement against horizontal mergers appears to have been too lax, unless such mergers typically result in very significant efficiency improvements.

Building on such analyses, Filippo Lancieri and Tommaso Valletti (2024, this issue) argue that current approaches to merger review have led to systematic underenforcement and increasing consolidation over time. While they acknowledge recent changes by some authorities, they argue that more significant reforms are needed, and make the case for much stronger rebuttable presumptions. Mergers would be classified on the basis of factors such as the size of the merging firms and current levels of concentration in the industries in which they operate. A merger between large firms in concentrated markets would be presumed to be anti-competitive (and therefore prohibited) unless the merging parties could prove very substantial efficiencies resulting from the merger.

Particularly in the digital sector, there has been significant focus on alleged abuses of dominant positions, for instance where a leading firm acts to exclude potential competitors or to exploit its customers. Damien Geradin and Stijn Huijts (2024, this issue) describe how the EU has attempted to move away from a formalistic approach to abuses (whereby certain practices were deemed *per se* illegal) towards one grounded more solidly in an economic analysis of the effects of a particular practice. This, they argue, has produced substantial benefits, but has also come with costs, particularly in the length of time that major cases have taken and in the narrow focus of EC competition decisions, meaning that deterrent effects on other firms are limited. They propose a range of possible changes to increase the pace of decision-making without harming rigour, including imposing time limits on antitrust cases and making greater use of interim remedies.

One of the key tenets of the hipster antitrust movement is that outcomes other than consumer welfare matter for competition policy. In labour markets, in particular, researchers and policy-makers have built on the pioneering insights of Alan Manning to argue that monopsony power is endemic and that competition authorities should do more to combat it.[13] The US has again led the way, with the new merger guidelines stating that '[t]he Agencies will consider whether workers face a risk that the merger may substantially lessen competition for their labor'.[14] The Federal Trade Commission (FTC) has argued that mergers should be prohibited partly on the basis of their effects on labour markets, and has also banned most non-compete clauses in employment contracts.[15]

There have been several recent studies of labour market power in the US,[16] but evidence in Europe has to date been limited. The paper in this issue by Joel Kariel, Jakob Schneebacher, and Mike Walker (2024) aims to help fill this gap. The authors report recent work by the UK CMA which drew on a wide range of data sources to investigate evidence on wage markdowns (analogous to price markups in product markets) and labour market concentration. They find that, contrary to expectations, there is little evidence that employer labour market power has grown recently, and some evidence that it has fallen. For instance, they find that wage markdowns have been constant or slightly falling since 2008, while labour market concentration has also generally declined, except for during the Covid pandemic. The authors note that this looks quite different from recent US experience, where there is evidence of rapid increases in wage markdowns over the last two decades. The authors discuss some possible explanations for the apparently differing dynamics, with differences in general labour market policies likely to be the most important factor. If true, this could in turn suggest that policies other than competition policy might generally be best suited to support labour market competition, at least where, as in the UK, policy-makers are sufficiently empowered to take action.

[12] Kwoka (2018) argued similarly, recommending that: 'Merger policy should place greater reliance on the so- called structural presumption that certain high-concentration mergers are essentially always anticompetitive.'
[13] See Manning (2003), Card (2022).
[14] See US Department of Justice and the Federal Trade Commission (2023).
[15] See Federal Trade Commission (2024*a*,*b*).
[16] Summarized by US Department of the Treasury (2022).

Returning to the questions we posed at the end of the first section, the evidence of how competition policy is applied in practice suggests that a consumer welfare objective is consistent with significant flexibility in authorities' approaches, at least in Europe, as shown in particular by Duso *et al*.'s analysis. However, the jury remains out as to whether an economic approach to competition enforcement can be consistent with rapid enforcement against abuses.

V. The future of competition policy in the digital sector

The digital sector raises particular challenges for the future of competition policy.[17] This is in part simply because of the scale of some of the major tech firms—if 'bigness' is a problem, it is inevitable that competition authorities will want to intervene to tackle companies such as Google, Apple, and Amazon. But large digital platforms also raise some substantively different questions from their predecessors as leading global firms, such as major oil and steel companies.

Previous literature identified several important factors that tend to lead to high concentration in digital markets, including economies of scale, data advantages for incumbents, network effects, and limitations to consumer switching.[18] For instance, the benefits of being a member of a platform typically increase as the number of other users rises. This dynamic tends to lead to a 'winner-takes-most' environment, in which entry becomes very difficult. None of these factors is new, but in combination they may make it particularly hard to maintain effective competition in digital markets. Barriers to entry can also be persistent, meaning that self-correction is unlikely to happen at all quickly, and that consumers and business users may lose out as a result.

In this issue, Amelia Fletcher and Zita Vasas (2024) focus on the fourth of these factors, limitations to consumer switching, and discuss how the lessons from the literature in behavioural economics have been incorporated to some extent into the design of the EU Digital Markets Act. In particular, they show how several of the Act's provisions relate to the choice architecture that consumers face when using digital platforms, such as the rankings of different firms in search results or the default options on smartphones. Fletcher and Vasas argue that, while the direct impacts of changes to choice architecture may be relatively small, they could have significant effects on market competition. For example, a minor increase in the market share of a small provider could dramatically improve its access to data, enabling it to improve its services and to monetize them more effectively. These effects are likely to be stronger the more consumers attend, access, assess, apprehend, and act in response to changes in the choice architecture. The authors highlight the importance of demand-side policies that take real-world consumer responses into account.

Pierre Régibeau and Katharine Rockett (2024, this issue) look at another key factor identified in the literature—the network effects that typically arise in platforms and ecosystems. For the authors, ecosystems, such as the Android or Apple mobile ecosystems, are confederations of firms producing broadly complementary products (such as apps, app stores, and operating systems). They do, though, have a central product or set of products—the operating system in the case of mobile ecosystems. Régibeau and Rockett claim that, while ecosystems can produce many benefits, they can also result in distinctive competition problems, such as 'defensive' foreclosure strategies, whereby a central firm can make it hard for entrant firms to gain a significant foothold in the ecosystem, thus preventing the entrants from challenging their centrality in future. They argue that such strategies have been a defining feature of many recent European competition cases in the digital sector.

Both Fletcher and Vasas and Régibeau and Rockett are concerned with existing problems in the digital sector. But the final two papers in this issue aim to identify emerging competition issues. Catherine Tucker (2024) considers the implications of artificial intelligence (AI) for competition policy. While she acknowledges that the current high fixed costs of deploying AI tools may be harmful for competition, she argues that this period is likely to be relatively brief, with continued reductions in data storage and processing costs stimulating entry over time. However, she identifies two circumstances in which this may not hold: if privacy or intellectual property policies make it hard for many companies to access data; and if some types of application demonstrate increasing (or non-decreasing) returns to data—for instance, monitoring of water leakages where comprehensive data are required. Tucker argues that AI could also make competition enforcement harder. Authorities may find it difficult to prove anti-competitive intent if intent is embodied in a firm's AI tool, rather than in the memos of its senior executives.

Emilio Calvano, Giacomo Calzolari, Vincenzo Denicolò, and Sergio Pastorello (2024) study the competition implications of recommender systems—the algorithms that determine the recommendations that consumers receive in

[17] Some of these have been covered in previous issues of the *Oxford Review of Economic Policy*, including the articles by Fletcher (2023) and Franck and Peitz (2023) as part of the issue on New Frontiers of Trade (vol. 39, no. 1).

[18] See Furman *et al*. (2019) for a summary.

popular services such as Spotify and YouTube. These can provide substantial benefits in improving matching and reducing search costs, and are becoming increasingly sophisticated with the adoption of AI techniques to improve recommendations. However, they raise potential risks, including that customers only see recommendations for the most popular music or videos, reducing the diversity of products they access. This can have wider social impacts, for instance if it leads to 'echo chambers', with users only seeing news items that agree with their prejudices. Both the benefits and the costs are demonstrated in the authors' numerical simulation; in their example, recommender systems make better decisions for users than users themselves, but this can come at the cost of increased market concentration, with a small number of 'superstar' firms. The authors note that, while there has been some regulatory interest in recommender systems, notably in the Digital Services Act and the Artificial Intelligence Act in the EU, more evidence is required to allow policy-makers to make informed decisions about the costs and benefits of interventions.

As noted above, the EU Digital Markets Act greatly reduces the scope for use of the standard competition economist's toolkit. However, the papers in this issue show that this does not mean that economics is irrelevant—rather, the role of economics may evolve to focus on helping to design rules and evaluate their effects, rather than on carrying out case-by-case analysis of whether a particular firm's conduct is anti-competitive.[19]

VI. Conclusion

The hipster antitrust movement has had notable successes in challenging the post-Chicago consensus in the design and enforcement of competition policy. In particular, from an economic perspective, it has brought greater attention to aggregate measures of how competition is changing over time, with tentative—though disputed—conclusions that market power has increased in the US over the last 40 years.

Some of the major policy prescriptions of the hipster antitrust movement are, though, misguided, notably its attacks on the consumer welfare standard. In our opinion, the standard provides an important benchmark and organizing principle for the decisions of antitrust authorities and courts. It should be flexible enough to incorporate all potential impacts on consumers—not just price and output effects. Indeed, such flexibility can be seen in the interpretation of consumer welfare applied in the EU and the UK. It would also be a mistake to return to a one-size-fits-all structuralist approach, without considering the very different incentives and capabilities that firms have in different industries and contexts.

Nonetheless, there is scope for significant changes in the application of economics to competition policy. We would suggest four lessons that should lie behind competition policy in coming years.

First, economics delayed is economics denied. The excessive length of many major competition cases (24 years for the European Commission's case against Intel in the CPU market) means that deterrent effects are very limited and that market dynamics may have changed radically before a decision is reached. This is crucial when network effects are prevalent, as in platform markets. In such cases, markets are at particular risk of 'tipping', with potentially viable competitors excluded as a result of the network effects enjoyed by the dominant firm.

Faster enforcement, and more use of interim measures, could clearly help. But authorities should also be able and willing to intervene through market-wide interventions where there is strong evidence of competitive harms. This could occur through more widespread adoption of the market investigation tool used by the CMA.

Second, assessments of competitive impacts will increasingly need to be based on dynamic models of competition rather than traditional static approaches. It is impossible to consider the effects of a merger between a large tech firm and a small start-up without analysing how the firms, and the market as a whole, are likely to evolve with and without the merger. But frameworks for assessing such dynamic impacts are currently lacking. It is intrinsically difficult to predict longer-term effects on the basis of current market data—but antitrust policy could clearly benefit from the development of empirically-tested rules of thumb that could provide guidance to competition authorities and courts.

Third, economics will continue to play a crucial role in both the design and implementation of competition policy and the design of effective and proportionate *ex ante* regulation in digital markets. In many cases, this can and should include detailed analysis of the effects of, for instance, particular alleged abuses or proposed mergers. But there will be some shift of emphasis in economists' role towards helping to design and evaluate rules or rebuttable presumptions.

Fourth, the policy-maker's toolkit will need to include a more nuanced and in-depth appreciation of how to balance the risks raised by new technologies. Economists and data scientists will have an important role in helping to develop robust empirical evidence quickly in response to emerging competition threats.

[19] Fletcher *et al.* (2024) discuss the role of economics in the EU Digital Markets Act in depth.

These lessons have already been incorporated, to varying degrees, in the implementation of digital regulation regimes, as we identify above. Learning from their successes and failures will be crucial for the evolution of broader competition policy, offering a rich area for future research and policy development.

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