



OPEN MARKETS OUTLOOK

by David Boyle
dcboyle@gmail.com

July 2019

*UK competition watchdog
announces preliminary plans
for reform...*

...are they bold enough?



TYRIE CLAIMS NEW RULES FOR CMA

The new chair of the Competition and Markets Authority (CMA), Lord Tyrie, has announced his preliminary plans for the reform of competition in the UK.

Outline plans include:

- Refocusing the CMA from its current statutory duty, of the promotion of competition for consumer benefit, to protecting consumer interests. This would involve the introduction of a new “consumer interest” duty on both the CMA and the courts.
- Letting the CMA move faster, using interim measures.
- Reforming their markets powers so that they can impose binding remedies in market investigations to tackle consumer detriment, without having to show that it was a result of an adverse effect on competition.
- Requiring mandatory merger control filings for transactions above a certain threshold in the UK and imposing a standstill obligation.
- Introducing a statutory requirement on them to conduct investigations as quickly as possible.

- Giving the CMA the same powers to enforce consumer law as it does with competition law.
- Giving them a new power to require information to be produced even where there is no formal investigation.
- Including personal sanctions for serious competition law breaches.

ARE THESE REFORMS SUFFICIENT?

Tim Cowen proposes active promotion of 'Freedom of Choice' as the standard for competition policy...

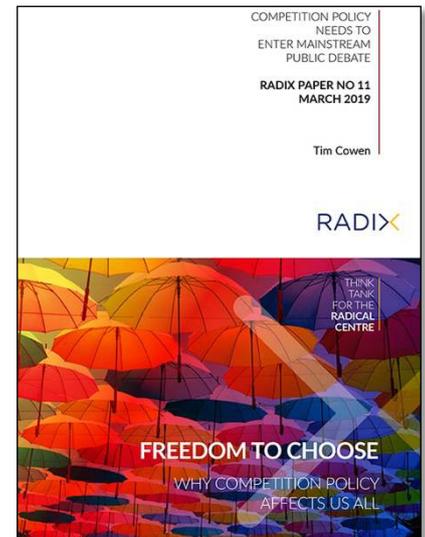
...will the CMA's 'consumer interest' duty go in the same direction?

The above proposed reforms are welcome.

Tim Cowen in our recently published paper on competition policy, [*"Freedom to Choose: Why Competition Policy Affects Us All"*](#), puts forward more radical ideas.

'Radical' as in bold new ways of thinking about competition – but perfectly implementable within current legislation and regulatory powers.

Read Tim's paper [here](#).



'By 2009, our leaders could no longer tell the difference between a healthy open market and concentrated financial power...'

"This shrinking of politics to exclude corporate power was a profound shift," wrote the fellow of the Washington-based Open Markets Institute Matt Stoller. "By 2009, our leaders could no longer tell the difference between a healthy open market and concentrated financial power, and just assumed American capitalism meant radical inequality."

Matt was right, but something seems to be shifting – at least in the USA, where an investigation into the dominance of large digital companies in their respective marketplaces has begun.

Representatives on the House Judiciary Committee and the Antitrust Subcommittee have announced that they will hold a series of hearings "on the rise of market power online".

“The Antitrust Subcommittee will conduct a top-to-bottom review of the potential of giant tech platforms to hold monopoly power.”

“A small number of dominant, unregulated platforms have extraordinary power over commerce, communication and information online,” said a [statement](#) from the committee.

“Based on investigative reporting and oversight by international policy-makers and enforcers, there are concerns that these platforms have the incentive and ability to harm the competitive process. The Antitrust Subcommittee will conduct a top-to-bottom review of the potential of giant tech platforms to hold monopoly power.”

The same week, [Reuters](#) claimed that US prosecutors were interested in looking into Apple and Google over antitrust complaints. The Federal Trade Commission would also like to question Amazon and Facebook.

It is still a long way to go before any action is taken and there will be much lobbying effort to put forward alternative viewpoints.¹

The UK is further behind.

BRINGING TOGETHER THE LEFT AND RIGHT IN CONGRESS

Tech companies could do worse than reflect on why they have been able to create an issue that has bi-partisan backing.

There is not much that currently unites Democrats and Republicans in Congress. The investigation launched by the US House of Representatives into tech monopoly (see above) is an unusual example of cross-party collaboration.

“Big Tech plays a huge role in our economy and our world,” said Doug Collins, a Republican from Georgia, on the Judiciary Committee. *“Our bipartisan look at competition in the digital markets gives us the chance to answer these questions and, if necessary, to take action.”*

Jerrold Nadler, a Democrat from New York, is committee chair. He said: *“Given the growing tide of concentration and consolidation across our economy, it is vital that we investigate the current state of competition in digital markets and the health of the antitrust laws.”*

Tech companies would do worse than reflect as to why they have been able to create an issue that has bi-partisan backing.

¹ Google, Amazon, and Facebook spent as much as \$48m on lobbying the US government in 2018.

US LAWYERS BLOCK THE BIG PRINT MERGER

DoJ blocks merger that would have meant only one US printer capable of handling long-run jobs

The proposed merger between the last American companies capable of printing high volume magazines has been blocked by the antitrust team at the US Department of Justice.

Both Quad and LSC have spent the last two years acquiring competitors since LSC was spun off in 2016. Their merger would mean there is effectively only one printer in the USA capable of handling long-run jobs, down from six ten years ago.

As we reported in our Jan 2019 newsletter, if the deal had been approved to allow Quad/Graphics to take over LSC Communications, even major publications like *National Geographic* and *Reader's Digest* would become dependent on them to print and distribute their product.

OKLAHOMA PIONEERS MORATORIUM ON DISCOUNT STORES

Oklahoma City Council has passed a 180-day moratorium on “small box discount stores” in one zip code.

Councillor Nikki Nice proposed the measure because she was concerned about the area’s lack of access to fresh, healthy foods. She was also worried about the proliferation of dollar and discount stores in the area.

“This moratorium just slows that process down so we can find more creative and better ways to get a grocery store in the community since this conversation has literally been happening since 1993,” she said.

She was referring to retired county commissioner Willa Johnson’s attempt to bring a grocery to the area 26 years ago. *“In the meantime, I’ve been meeting with our planning department weekly, as well as our municipal counsel office, just to get a footing and a knowledge and understanding of what some of those options are.”*

The decision may supply a model for other cities on both sides of the Atlantic, desperate to find ways of providing ‘food deserts’ with healthy food.

The 73111 zip code is one of the unhealthiest in the city, with the life expectancy of its residents nearly six years shorter than the average.

“We know hunger costs Oklahoma about \$1.5 billion a year. So this is where it starts. It starts with us focusing neighbourhood by neighbourhood, zip code by zip code, in order to turn those numbers around,” she said.

About Radix

Radix is a non-aligned think tank for the radical centre of contemporary politics. Its aim is to re-imagine the way government, institutions and societies function based on open-source, participative citizenship. To kick-start the thinking that is needed for politics to embrace technology, innovation, social and cultural change.

Contact: hello@radix.org.uk www.radix.org.uk

© Copyright Radix Group Ltd. All rights reserved.