

Competition After a Decade: How to Reinvigorate Developing World Competition Agencies

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The Problem

- After an initial period of activity, the competition agency hits a tough patch. How do you overcome stagnation?

Any Relationship Goes Through Rough Patches

Think of a Marriage

You do not discuss the little things that bother you |

You spend less time with your spouse because of work



You do not discuss the little things that bother you II

Kids



You do not discuss the little things that bother you III

“Why do you leave the toilet seat up?”



You do not discuss the little things that bother you IV

“I don’t like the way you slurp your cereal. I have watched you slurp your cereal for 20 years and if I hear you do it again, I’ll go crazy”



You do not discuss the little things that bother you V

“You don’t buy me flowers anymore”



Lack of honesty: You don't discuss the other things that bother you or that would make your relationship better

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Getting Past the Rough Patch

1. Self Assessment
 - A. What Has Gone Wrong
 - B. Why
2. Doing Something About It
3. Luck

Causes in Competition Law and Policy

1. Problems in the law
2. Agency turnover
3. Misallocation of resources
4. Problems with the courts
5. Turf war with other agencies
6. Larger political economy issues

Solutions

1. Make competition a priority for outside stakeholders.
2. Reintroduce the excitement into the agency – focus on some easy wins that are good cases.
3. Make improvements to the human capital of the agency
4. Work on the small things that are parts of larger things that might have become disappointments.
5. Make structural internal changes based on real abilities
6. Improve relations with other agencies
7. Funding
8. Invest in the long term – both inside and outside the agency

Make competition a priority for outside stakeholders

1. Creating relevance for higher levels of political actors – the need to get a “champion” within government – chicken and egg problem
2. Ways to create value:
 - A. Cost savings from cases: ex post cost savings focus on easy to quantify savings – bid rigging and cartels
 - B. Cost savings from advocacy: you can show real economic value from existing anti-competitive regulation

Success story 1: Brazil

What went right?

- Young, smart and energetic agency heads and staff
- Good continuity
- Imported latest in cartel detection techniques from the US
- Successful media campaign
- Willing to experiment
- Worked out agency coordination issue given that a legislative fix would take too long
- Improving economic performance overall
- Political stability

Success story 2: Chile

What went right?

New law

- Funding
- Change in institutional design – separate enforcement and adjudicatory functions
- Good staff hires
- Improving economic performance overall
- Political stability