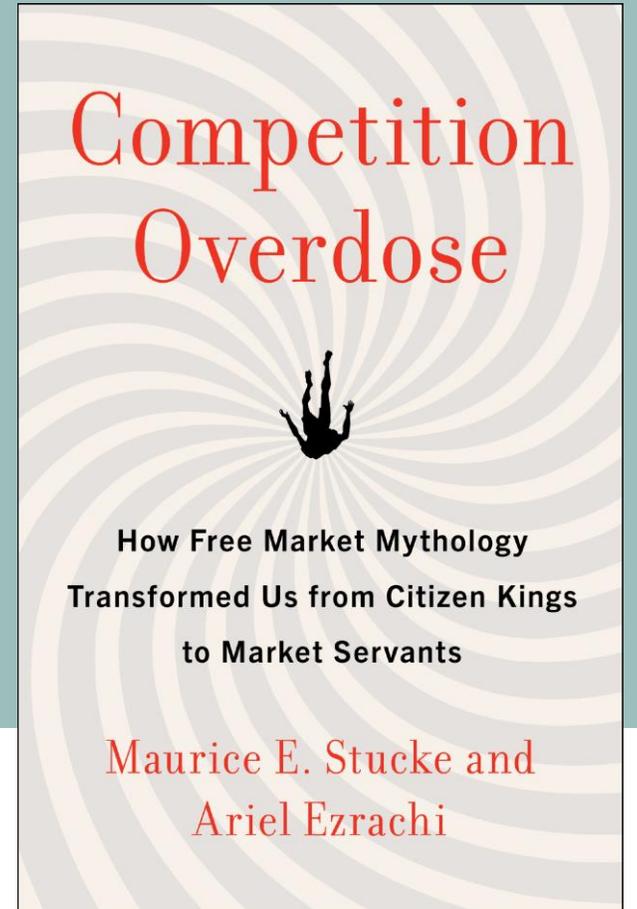


COMPETITION OVERDOSE

Japan Fair Trade Commission

11 December 2020



HOW DID WE COME UP WITH THIS BOOK?

THE VALUE OF COMPETITION

Greater welfare & prosperity

Greater innovation

Choice

Quality



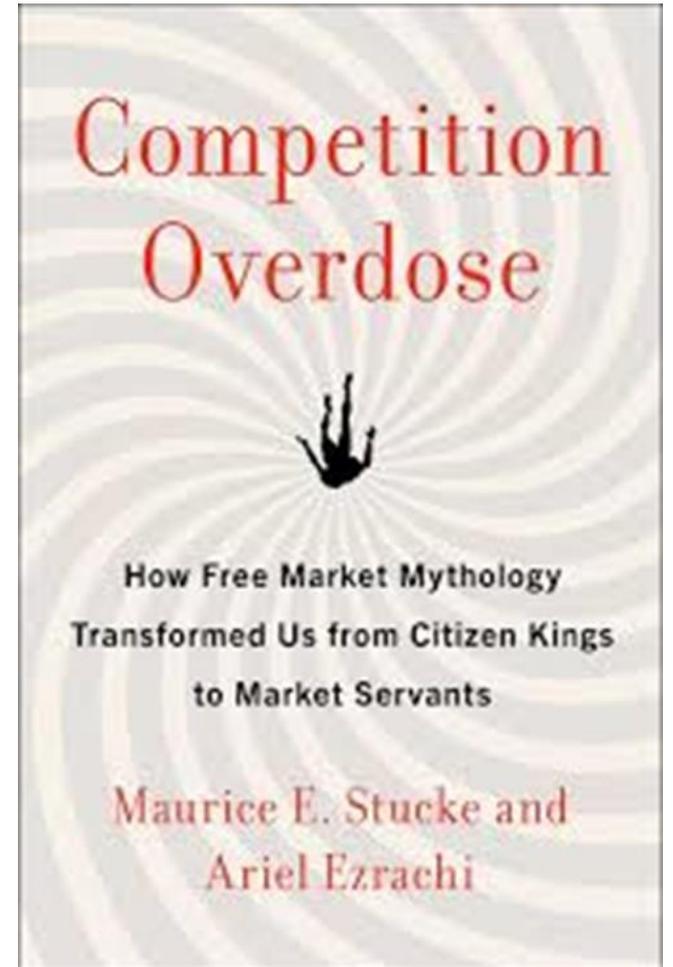
WHEN IS COMPETITION TOXIC?

AND WHOM SHOULD WE BLAME?

4



2



GIVE ME AN EXAMPLE OF TOXIC COMPETITION!

RACE TO THE BOTTOM

Good competition turns bad

US National Hockey League & Helmets



UK Schools' Ranking

→ Standard Assessment Tests:

'If a child leaves they're taking money with them because you are funded based on the number of children you've got. Money is walking out of the School one by one... A fellow Head Teacher rang me and his exact words were 'the only thing you did wrong was you got caught.' I made a mistake and I paid the price.'

→ Cambridge International Pre-U

Eton College's deputy head ...



Office of Undergraduate Admission

Dear Genevieve,

I hope your fall semester is off to a fantastic start. I wanted to check in with you to remind about some important upcoming deadlines for applying to Tulane University. If you are interested in applying Early Decision or Early Action, the deadlines are quickly approaching on November 1st and November 15th, respectively.

Whether it's your outstanding academics, countless hours of community service, portfolio of extracurricular activities, or your continued relationship with Tulane, you are an ideal candidate to apply. Because of your qualifications, the admission committee has selected you to receive priority consideration. As a priority consideration applicant you'll enjoy benefits including:

- **No application fee.**
- **Automatic consideration for partial scholarships ranging up to \$32,000 per year.**
- **The opportunity to interview with an alum (if you apply Early Action or Early Decision).**

Your APPLY.TULANE.EDU Login Information

Username:

Login

Application opens: November 1

Early Action: due November 15

Complete your application at: **APPLY.TULANE.EDU** or **COMMONAPP.ORG**

You may submit an application through either the Tulane application or Common Application. The benefits outlined above apply to both.

Every year I get the opportunity to find exceptional students to bring them to our academically and socially vibrant community on campus. I encourage you to explore how your academic and extracurricular interests would allow you to thrive at Tulane.

I hope to review your application soon.

Best wishes,

Satyajit Dattagupta

Vice President for Enrollment Management and Dean of Undergraduate Admission

210 Gibson Hall, LA 70118-5698

tel 504-865-5731 800-873-9283

fax 504-862-8715

admission.tulane.edu





**GIVE ME ANOTHER EXAMPLE OF
WHEN TOO MUCH COMPETITION BACKFIRES...**

QUALITY DEGRADATION



“Horsegate scandal



“IT WAS ALL TRIGGERED BY THIS INTENSE COMPETITION”

‘We were under pressure to minimize any changes, to cut costs and get it done quickly. In my view, Boeing was making decisions on the basis of share price... The main requirement driving the design of the Max was that there could be no changes that would require flight simulator training by pilots. We could have really upgraded that aircraft but the company’s mandate about no extra training stopped us’



**Federal Aviation
Administration**

3RD OVERDOSE:

COMPETITION TO *EXPLOIT* US RATHER THAN
BENEFIT US

Two Different Species?

Human Beings In
Traditional Economics



Human Beings in
Behavioral Economics.



BRANDTRUST®

DISCRIMINATION & MANIPULATION

Controlled Ecosystems: The Truman Show

The invisible hand being pushed aside by the digitalized hand.

Friction and outside options.

Exploit emotional bias. ...”moments when young people need a confidence boost.”...” "insecure," "defeated," "anxious," "silly," "useless," "stupid," "overwhelmed," "stressed," and "a failure.”

The role and limits of digital comparison tools (DCTs)

Fairness as a limit of behavioral discrimination.

Minimize the Perceived Unfairness through Framing Effects

Application of Article 102(c) TFEU is limited by the need to establish ‘Competitive Disadvantage’ (See for example: Case C-525/16 MEO)



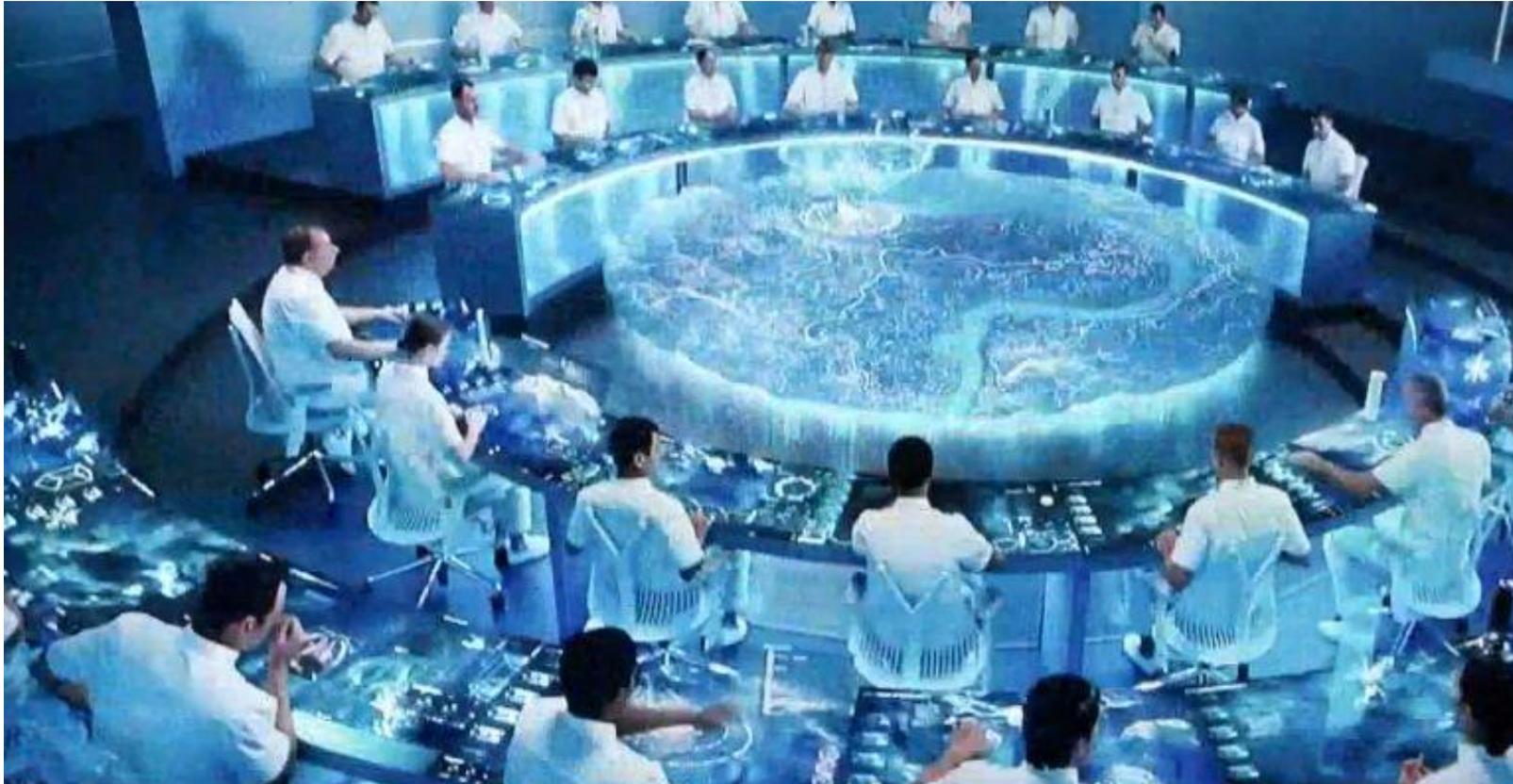
UNITED STATES v. GOOGLE

47. Consumers typically do not change their mobile device’s default search functions, making securing preset default status for search access points important for effective distribution of general search engines (and delivery of search ads). As one search competitor noted in 2019, “For the most part, despite the simplicity of changing a default setting to enable customer choice, experience shows us that users accept the default search experience that comes with their device or the browser.” This fact is especially true on mobile devices; as Google observed in a 2018 strategy document, “People are much less likely to change [the] default search engine on mobile.” Alternative methods of obtaining search access points or encouraging general search engine usage—such as direct marketing to consumers—are not nearly as effective as preinstalling search access points on mobile devices and computers.

DRIP-PRICING



THE GAMEMAKERS



GOOGLE & FACEBOOK

Designers of the online advertising ecosystem

Set the rules, tax, and allocation of wealth

Thousands of providers compete for our attention

Thousands of advertisers bid to reach us



OPACITY AND DISTORTIONS ARE KEY

Lever 1 – Hook

Lever 2 – Extract Personal Data

Lever 3 – Use Data to Attract Bidders

“The centre of large empires”

(Margrethe Vestager, G7, June 2019)

BROADER IMPLICATIONS

What to do when the underlying competition is toxic

Competition is about us, but not for us

- We serve competition, rather than it serving us
- Competition brings out our worst, rather than our best

GIVE ME AN EXAMPLE OF WHO IS PUSHING THIS TOXIC
COMPETITION ...

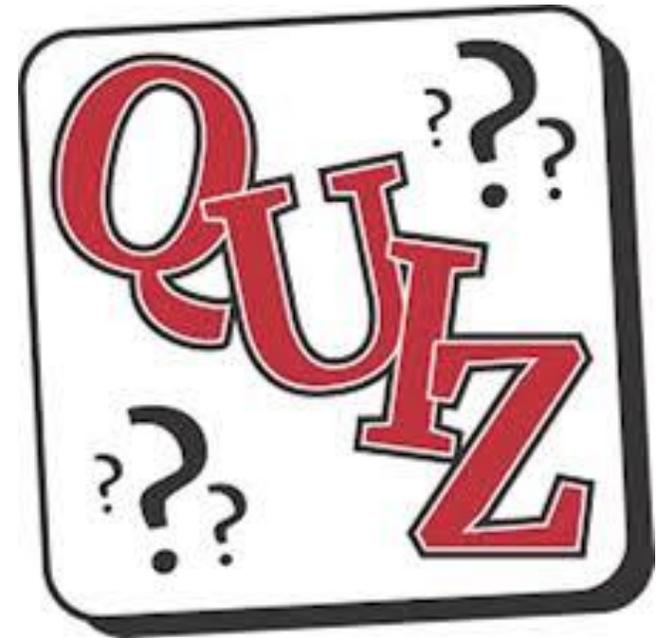


BLOOMBERG/GETTY IMAGES

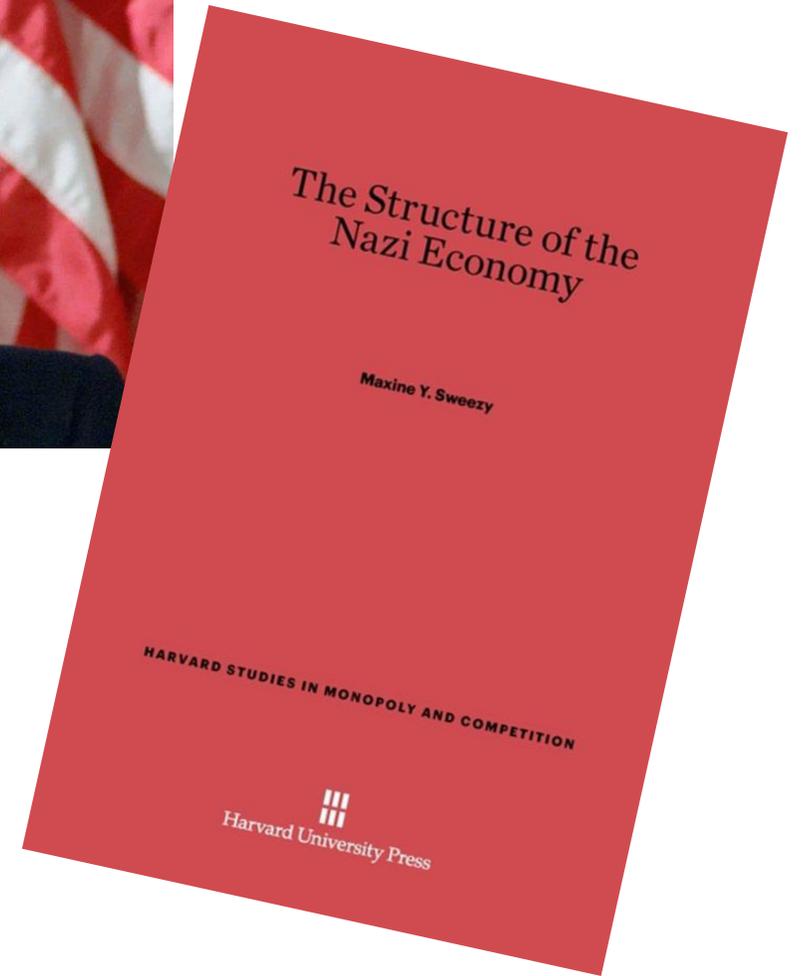
Private prison stocks up 100% since Trump's win

WHICH OF THESE STATEMENTS ARE TRUE:

1. Private prisons provide the same (or better) level of correctional services, programs, security, and resources as federal prisons, at substantially lower costs.
2. Private prisons provide better rehabilitative services, such as educational programs and job training, than what the federal government can provide.
3. Private prisons have the same interests as society does: to reduce crime, to promote leniency in parole for older nonviolent criminals, to release criminals early for good behavior, and to find alternatives to locking people up, like work release programs.



WHERE DID THE TERM “PRIVATIZATION” COME FROM?

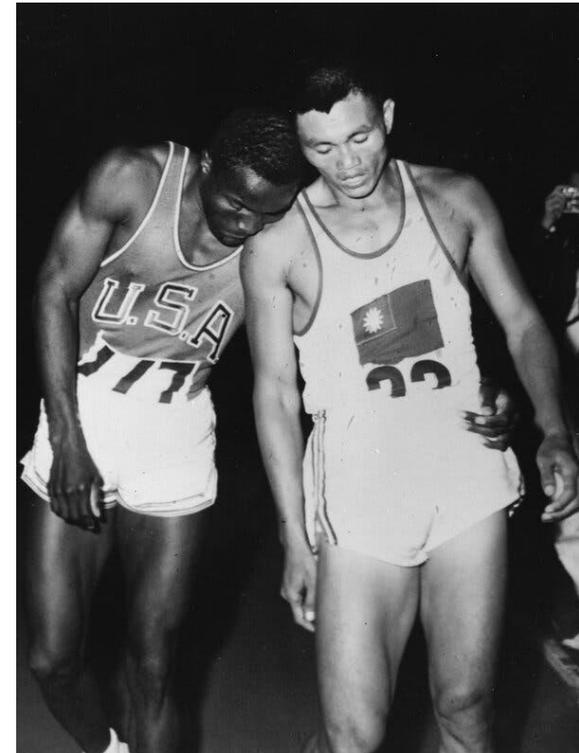
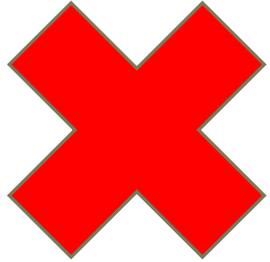


SO WHAT ARE WE GOING TO DO ABOUT IT?

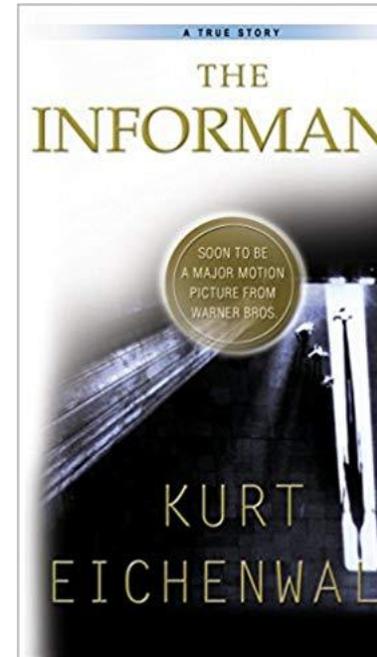
REORIENTING COMPETITION FROM **TOXIC** TO *NOBLE*



WHAT IS NOBLE COMPETITION?



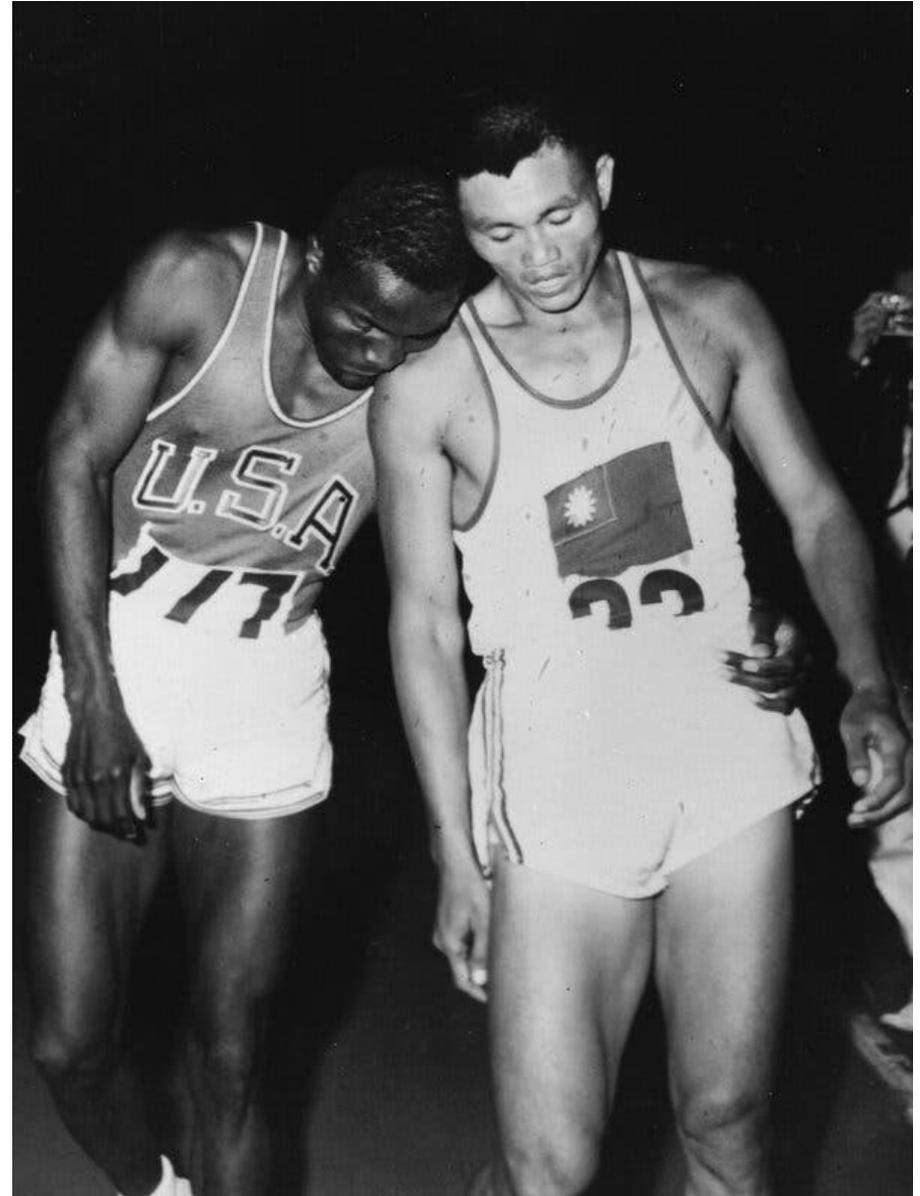
"OUR COMPETITORS ARE OUR FRIEND. OUR CUSTOMERS ARE THE ENEMY!"



NOBLE COMPETITION

Helping your rivals reach their full potential.

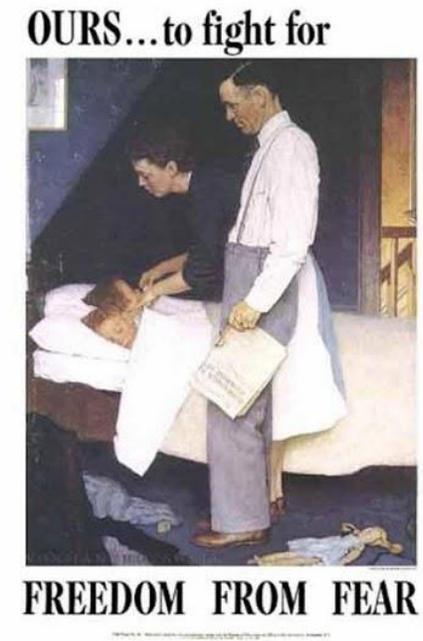
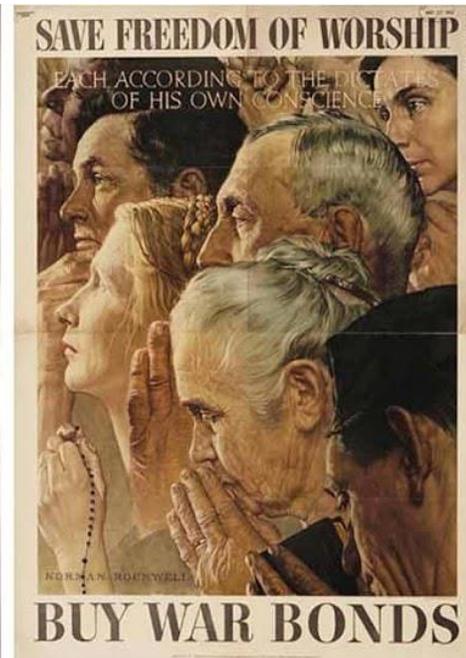
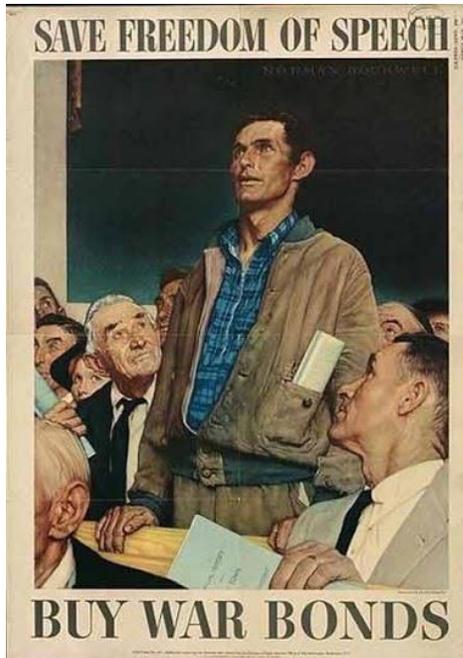
Rafer Johnson with his friend and competitor C.K. Yang after completing the decisive 1,500-meter event in the decathlon in the 1960 Games in Rome. Johnson narrowly beat Yang for the gold medal.



**THIS SEEMS ESOTERIC . . . HOW DO WE
REORIENT TO NOBLE COMPETITION?**

WE ALL HAVE A ROLE TO PLAY

The State's role:



INDUSTRY'S ROLE



The cover of Harvard Business Review magazine. The title "Harvard Business Review" is in large purple letters at the top left. Below it are three article teasers: "HOW CEOs MANAGE TIME" by Michael E. Porter and Nitin Nohria (PAGE 42), "JAMIE DIMON ON RUNNING AMERICA'S BIGGEST BANK" (THE HBR INTERVIEW by Adi Ignatius PAGE 124), and "ARE YOU TOO COLLABORATIVE?" by Rob Cross, Scott Taylor, and Deb Zehner (PAGE 134). The Harvard Business School logo is in the top right. The main feature is an article titled "WHEN WORK HAS MEANING" with the subtitle "How to turn PURPOSE into PERFORMANCE" and "PAGE 78". The illustration shows a complex network of nodes and lines, with a woman in a pink shirt and black pants reaching out to touch one of the nodes.

OUR ROLE



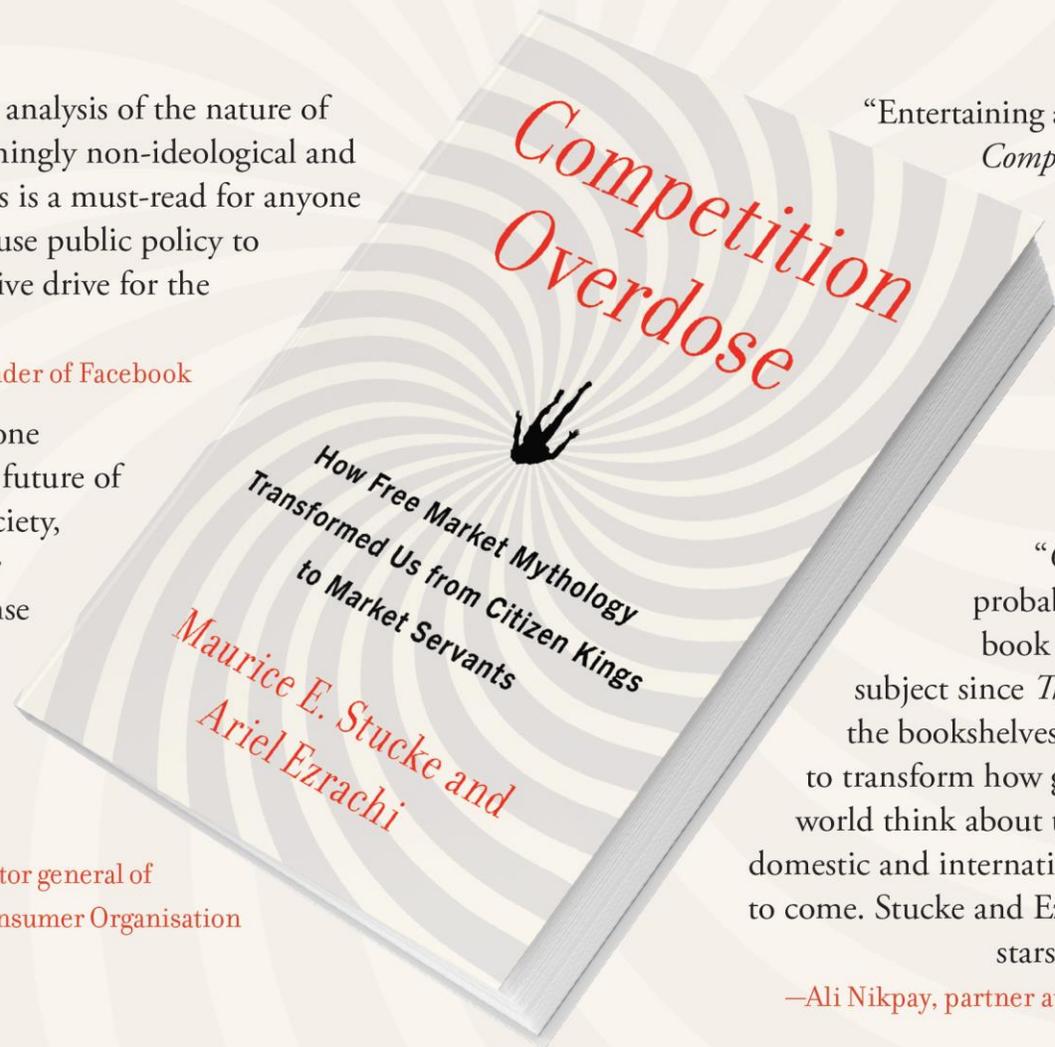
Among *Inc.* magazine's "16 New Business Books You Need to Read in 2020" and *Publishers Weekly's* Top 10 Business & Economics books for Spring 2020

"Stucke and Ezrachi's analysis of the nature of competition is refreshingly non-ideological and counterintuitive. This is a must-read for anyone interested in how to use public policy to harness the competitive drive for the public good."

—Chris Hughes, co-founder of Facebook

"A must-read for anyone concerned about the future of our economy and society, *Competition Overdose* provides a no-nonsense analysis of how toxic competition can be bad for competitors, consumers, workers, and society overall.

—Monique Goyens, director general of BEUC, The European Consumer Organisation



"Entertaining and thought-provoking, *Competition Overdose* fiercely articulates the raw, hard truth behind the toxic aspects of competition."

—Tommaso Valletti, Chief Competition Economist (2016–2019), European Commission

"*Competition Overdose* is probably the most important book to be published on the subject since *The Antitrust Paradox* hit the bookshelves in 1978. It is destined to transform how governments across the world think about the role competition in domestic and international policy for decades to come. Stucke and Ezrachi are the new rock stars of competition policy."

—Ali Nikpay, partner at Gibson Dunn & Crutcher

"This beautifully written book helps us rethink economic principles from the ground up. As any good chemist knows, what can be helpful or harmless in small doses is deadly in excess."

—Frank Pasquale, law professor at University of Maryland and author of *The Black Box Society*