

# Topic 3: Empirical Methods in Antitrust

Economic Summit of Chief Economists  
Ottawa  
November 2008

Michael Baye  
Director of the Bureau of Economics, U.S. FTC  
&  
Indiana University

# Possible Empirical Methodologies

- HHI/concentration index calculations
- Using documents to link industry “facts” to relevant economic theory and the case “story”
- Customer interviews
- More formal surveys
- Critical loss/diversion analysis
- Price correlation analysis
- Residual demand analysis
- Pass through analysis
- Event studies (stock market, entry/exit)
- Cross-sectional reduced form (price or margin) analysis of competitive effects
- Merger simulation
  - Non-econometric (share) based
  - Econometric (elasticity estimates) based
- Structural estimation

# Topics for Discussion

- Your experiences/views on the scientific & practical merits of these empirical methods.
- Other empirical methodologies?
- Data issues
  - Difficulties in obtaining usable data from parties?
  - Computational (technological) issues?
  - Human capital issues?