

Title: TRANSPARENCY AT THE FEDERAL TRADE COMMISSION:
THE HORIZONTAL MERGER REVIEW PROCESS: 1996-2003

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Abstract

This paper provides an empirical analysis of the Federal Trade Commission's merger enforcement decisions, to supplement the 2004 release of the Horizontal Merger Investigation Data. The study provides insights into the review process for both multi- and single-market mergers. We present concentration-based models for mergers with large numbers of market overlaps, finding that various measures of concentration all affect enforcement and that enforcement appears to vary by industry. When more detailed data are available (for mergers with three or fewer markets closely studied in the investigation), the analyses focus on additional factors. We find evidence to suggest that, in addition to market structure, entry considerations and verified customer complaints affect the enforcement decision. The study notes that the Commission's enforcement policy has been stable during the 1996 through 2003 time period. Finally, our analysis suggests that Herfindahl-based structural statistics are most relevant for coordinated interaction cases and the number of significant rivals matters for unilateral effects cases.