**ROUNDTABLE ON IMPACT EVALUATION OF MERGER DECISIONS**

challenging issues of measurement and as such are studied less often.[6] The remainder of this paper focuses

population of similar demographics and similar medical needs. In some instances, no market will simultaneously satisfy both criteria to a credible degree. Comparing results across multiple control markets may help assuage concerns that any individual control market fails along one or more dimension.[12]

17. Plausible control markets are often nearby geographic markets in which one of the merging firms does not compete. In evaluating airline mergers, for example, Kim and Singal (1993) compare price changes in airline markets (city-pairs) where a merger reduced the number of competitors to price changes in markets of a similar distance and similar supply and demand conditions.[13] Likewise, Taylor and Hosken (2007) compare gasoline price changes after a merger in Louisville, Kentucky to those in Chicago, Illinois, the nearest city requiring the same type of gasoline and least likely to have been affected by the merger.[14]

18. Finally, ex-post merger analysis must make tradeoffs in selecting a time window in which to measure pre- and post-merger prices. A longer window ensures that enough time has elapsed for prices to settle into their new, post-merger equilibrium level. Longer windows may also be required to measure accurately the effects of merger-specific efficiencies, which the merging firms may not realize immediately after they consummate the transaction.[15] However, shorter windows reduce the number of confounding factors that may also impact price. Due to the importance of the event window, it is often good practice (when feasible) to determine how sensitive the estimated merger effects are to small changes in the time window. This can be done by examining how much estimated price effects change when different time windows are used.

### 3. Findings of existing merger retrospectives

19. To date, most merger retrospectives have been performed on a relatively small number of industries: railroads, banking, airlines, petroleum, and hospitals. The common link between these industries is that they are (or were) regulated in ways that permit some amount of price competition while generating a substantial amount of publicly-available price (and in some cases quantity) data. A recent search of the literature discovered 73 merger retrospectives published between 1985 and 2010, 42 of which related to these five industries.[16]

20. Most merger impact evaluation studies find that the mergers studied – which were likely "marginal mergers"– tended to lead5ortanc67EMC /Lbl o8.4 rea85 -1.141 Td0. e tend iD 2dng

## 4. Merger retrospectives and policy

24. While the policy-relevant benefits of merger retrospectives have been discussed at length, the costs of doing them have received less attention. For research projects, the largest cost to the competition