President Tassano, Dr. Jenny

economic analysis ends up attributing most of the differences in economic performance to differences in labor and capital markets. This conclusion is incorrect. Differences in competition in product markets are much more important."[6]

When competition is distorted, firms that are not meeting the demands of the market to produce what consumers want at competitive prices do not feel pressure to get better or get out. As a result, the entire economy becomes less competitive. Investment lags, jobs are more scarce, goods and services are more expensive, and more of what consumers spend goes to enriching monopolists instead of their own lives. You have seen many excellent examples of this here, through INDECOPI's recent attack on those who sought to cartelize the medical oxygen sector, which raises prices for the sickest.[7] This is why the guardians of our competitive system, at INDECOPI, at the Federal Trade Commission, and at over one hundred other agencies, come to work each day. Our ultimate job is to make our citizens' lives better and to reduce the footprint of want in our countries.

But if we focus solely on the conduct of private firms, we address o

Florida. The system was grossly inefficient, and the cost, which was often a significant component of the price of the goods, was ultimately paid by the consumer.[10]

Similarly, the airline industry, which claimed to need protection from harmful competition when the industry was in its infancy and airmail was carried in biplanes, persuaded Congress to enact a pervasive regulatory scheme that fixed entry, prices, and routes. Airlines could compete on the basis of food service and schedules, but very little else.[11]

These regulatory schemes proved quite durable. They stayed in place until the 1970s.

domestic competition.[15] And third, in many cases there is no institution in government with the expertise and incentives to argue for more competition other than competition agencies.

The FTC, often in cooperation with our colleagues at the Department of Justice, makes a priority of advising federal and state legislatures, other federal agencies, and courts about the likely effects of their actions on consumers and markets. Our approach centers on helping our lawmakers and regulators better understand the true costs and benefits of proposals that can restrict competition and advocating for pro-competitive policies.

Let me take a minute to explain how we go about this. We do not enjoy the formal power to weigh in on proposed legislation and regulation that restricts competition, although in some countries competition agencies do have this power. Instead, our power is the power of persuasion. Sometimes our persuasion is formal and public: when we become aware of a proposed anticompetitive law or regulation, especially at the state and local level, we consider whether participating in the regulatory or legislative process might be beneficial. In some cases, we receive an invitation to comment. We make our comments public in the hope that they will feed the debate surrounding the policy in question. Indeed, in some cases we hold public workshops to gather information and to educate the public about the regulatory issues, using our authority to study most businesses and industries in the economy and to report our findings, and suggestion legislation, to both our Congress and the public.[16]

In other cases, we work less formally. This is most effective when regulators do not fully understand the impact of competition or when regulation has become outmoded over time. In these situations, we try to build a relationship of trust in which we are seen as a credible source of expertise in harnessing the benefits of competition to help the regulator achieve its goal. Further, sometimes informal advocacy is more effective because it is less likely to lead to inter-agency political tension precisely because it is not public.

Either way, we try to pick the tool that is best suited to the problem at hand. We try to explain the impact that the regulation likely will have on competition and, ultimately, on consumer welfare. When available, we draw on our past experience and present data and studies that make the cost transparent to the decision-maker. Our strongest weapons are a strong factual record and a logical argument well supported by sound economics.

At the same time, we make no attempt to usurp the role of those who have been elected or appointed to address the regulatory problem, nor do we attempt to claim expertise that we do not have. We try to explain what the cost of the regulation will be to competition and ultimately to consumers. It is up to the responsible officials, and those to whom they are politically accountable, to decide if the policy is worth the price.

15 MICHAEL E. PORTER, THE COMPETITIVE ADVANTAGE OF NATIONS (1990).

16 Tara Isa Koslov,

, CPI ANTITRUST

Let me give you two recent examples. Technology is changing the way consumers travel around town. Traditionally, one either hailed a taxi on the street or called a dispatcher to send a vehicle. Fares and safety standards typically have been regulated to various degrees by local regulatory agencies, such as taxi commissions. These regulatory agencies are critically important to the well-being of incumbent service providers who, over the years, have frequently come to have a strong influence over them.

In recent years, both incumbent taxi firms and new entrepreneurs have introduced new smartphone applications, sometimes also called digital dispatch services, which have enabled consumers to arrange and pay for transportation in new ways. These applications make use of smartphones and related technologies, such as GPS, to allow consumers to locate nearby vehicles, request service, and track their arrival on an electronic map. This ability to “e-hail” a vehicle can help quickly match customers with transportation. Some applications allow for new pricing methods, such as demand transparent pricing, and for consumers to use more convenient ways to pay for these services. These new technologies and methods may promote new forms of competition and a more efficient allocation of resources.

All of this has proved quite popular with consumers, but was less popular with many traditional transportation providers, which in many cases are subject to only limited competition under existing regulatory frameworks. In Colorado, for example, some incumbents sought rules before the taxi regulatory commissions that would impede or possibly preclude the use of some new smartphone applications.[17] In Washington, D.C., rules were proposed to significantly limit the types of vehicles that could be arranged using smartphone applications, and to restrict the ability of drivers to work with smartphone applications.[18]

In response to these proposals, FTC staff recently issued public comments recommending that regulators be responsive to new methods of competition, that unwarranted regulatory restrictions on competition be avoided, and that any regulations regarding applications should be no broader than necessary to address legitimate public safety and consumer protection concerns. The comments emphasized that consumers benefit from competition between traditional and new methods of delivering services.[19]

Another recent example, involves the use of competition advocacy to seek to eliminate anticompetitive regulations that made it more difficult for lower-cost health care practitioners to serve low income patients. In the United States, many rural areas face primary health care shortages. Physicians may be few and f 0.012 427.03 Tm0Qfeman

In recent decades, many states have allowed nurse practitioners – nurses with advanced training –