



Bureau of Economics

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Welcome Comments by Aviv Nevo  
17<sup>th</sup> FTC Annual Microeconomic Conference  
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Thank you. My name is Aviv Nevo and I am the Director of the Bureau of Economics here at the Federal Trade Commission. I would like to welcome you to the 17th Annual Microeconomics Conference hosted by the Federal Trade Commission. Personally, it is a true pleasure to be here. I was on a panel at the first conference in 2008, which was held in the New Jersey Ave location (that probably few here remember) and on the scientific committee of the next three. So, it is a true pleasure to see this conference be as successful as it has been.

For those of you who are from outside the FTC, I want to say a few words about our agency and the Bureau of Economics (BE). As you probably know, trbab kno tuo

First, we value an open exchange of ideas between the staff and experts outside the agency. This enables the staff to learn about new ideas and perspectives, hone their professional skills, and receive feedback on their work. However, such a dialogue requires transparency with respect to relationships with interested parties so that there is no question whether undisclosed relationships may have exerted influence on the opinions expressed.

packed goods, but the FTC team and its expert did an excellent job using the available quantitative and qualitative evidence. If the case was not on appeal, I would have no problem standing here in front of you and proudly presenting their work.

Sadly, this was not the worst of it. In another example, an expert testified that when considering pricing, a joint owner of two brands would not “actually want to get too involved in trying to coordinate them.” This was not made as an empirical observation, or nuanced in any specific way, but rather as a general theoretical statement. In my opinion, this is an extreme view that undermines a basic economic principle underpinning horizontal merger enforcement: namely that incentives, pricing and otherwise, change under joint ownership. As an editor or a referee, I would have found this type of statement, without any specificity or nuance, quite troubling.

You might be tempted to just brush this off. Folks say crazy stuff all the time. That would be a mistake. Statements like this matter for two reasons. First, the above examples did not impact the ultimate decision. But the outcome could have been different. The court could have been confused and could have created bad case law.

Second, the credibility of the expert has taken a hit, but this sort of repeated behavior from numerous actors hurts us all. We are slowly, but surely, losing credibility as a profession.

What can we do about this? Individually, we should be more responsible. Here is a simple rule of thumb. If you are not willing to stand up in front of a room full of economists to repeat and defend what you said in court, then maybe you should not say it in the first place.

Collectively, we can also do more as a profession. It is time to call out questionable testimony when we hear it. What happens in the courtroom should not stay there. The testimony is public, and we should call out folks on the outrageous claims that they make. Our profession does not have a process to equivalent to removing someone from the bar, but hopefully professional reputation matters.