**Index**

| Advertising, economies of scale 208–9 |
| Akhavein, Jalal D. 187 |
| Analytical framework, for mergers 45–6 |
| Anderson, Simon P. 186, 296 |
| Anti-competitive effects 46–7, 98–9, 141 |
| Antitrust authorities see competition authorities, role of |
| Areeda, P.A. 178 |
| Arrow, Kenneth 185 |
| Ashenfelter, O. 279, 281, 282, 284, 285, 286, 289, 291, 293, 297 |
| Asplund, Markus 124, 125 |
| Aspremont, Claude d’93 |
| AT&T 171 |
| Athukorala, P. 272, 273, 274 |
| Austria |
| cross-border M&A activity 21 |
| M&A target preferences 15 |
| treatment of merger cases 59 |
| Bagnoli, Mark 185 |
| Bailey, E.E. 205, 206 |
| Bain, J.S. 229, 236 |
| Baker, J.B. 73, 190, 279, 296 |
| balancing weights approach 61–2, 64 |
| Baldwin, John 126 |
| Banerjee, Ajeyo 117, 127, 128 |
| banking sector, proportion of M&A 23 |
| Barnett, P.G. 266 |
| Barros, Pedro P. 187 |
| Barton, David M. 121, 187 |
| Barton, David R. 187 |
| Barzel, Y. 296 |
| Baumol, W.J. 224, 295 |
| Becker, Brian E. 135 |
| Belgium |
| profits impacts of mergers 113–14 |
| treatment of merger cases 59 |
| Bennett, M. 48, 79 |
| Berger, Allen N. 129 |
| Berkovich, Elazar 117 |
| Berry, Steven 167 |
| Bertrand model 102, 141, 253, 255 |
| Besanko, D. 65 |
| Bettendorf, L. 270 |
| Bhagwati, J.N. 248 |
| Bian, L. 190 |
| Bill C-249 62 |
| Bishop, R. L. 244 |
| Bishop, S. 79 |
| BKA (Bundeskartellamt) 57–8 |
| Borenstein, Severin 122, 269 |
| Bradley, Michael 116, 117 |
| Braeutigam, R. 231 |
| Brander, James A. 186 |
| Branson, W.H. 248 |
| Bresnahan, T.F. 123, 125, 167, 190, 254, 296 |
| Brodley, J. F. 75 |
| Brown Shoe case 141 |
| Brueckner, Jan K. 186 |
| Bulow, J. 266 |
| Bundeskartellamt (BKA) 57–8 |
| burden of proof 75–6, 144, 163, 177 |
| Cable, J.R. 113 |
| Cabral, Luis M.B. 187 |
| Camesasca, P.D. 61, 66, 79, 181 |
| Canada see legislation and current practice, Canada |
| Canadian Competition Bureau 53, 61–2 |
| case-by-case implementation approach 67, 142–4, 150 |
| Caves, D. 231, 233 |
| Caves, Richard E. 120, 187 |
| Chappell, H.W. Jr. 234 |
| Christensen, L. 234 |
| Clayton Act 60–61 |
| Coelli, T. 229, 235, 236, 295 |
| Cohen, Weley M. 132 |
| company performance, merger effects 119–21 |

319
profit–flow studies 118–19
on profits 112–15
on share prices 115–18
competition authorities, role of 312–16
competition mode, analysis in control system design 140–41
competitive interaction models 168–70
Compte, Olivier 104
consumer welfare standard (CWS) 65
consumer’s surplus standard 136
control system design
analysis of competition 140–42
identification/measurement of efficiencies 138–40
informational aspects 142–5
objectives 135–7
procedural aspects 145–6
Cortes, C.E. 232
Cosh, Andrew 113
cost function 211
cost-benefit analysis 50
Cotterill, Ronald W. 123, 124
Cournot model 101–3, 141, 252–4
Cramon–Taubadel, Stephan von 269
Crampton, P. 100, 242
cross-border M&A
geographic distribution 14–15, 20–21
vs domestic 12–13
current practice see legislation and current practice
CWS (consumer welfare standard) 65
Cyanamid/Shell merger case 70
Cyprus, cross-border M&A activity 21
Czech Republic, M&A activity 19–20
Czechoslovakia (prior to split), privatisation by voucher distribution 23–4
Danish Crown/Vestjyske Slagterier merger case 55–6
data sources 42
Daughety, A.F. 231
Davidson, Carl 103, 110, 186, 190
Davies, S. 209
Deneckere, Raymond 103, 110, 186, 190
Denmark
M&A target preferences 14–15
treatment of merger cases 59
DePrano, Michael E. 107
discounting, in control system design 140
discretion versus litigation 145
diseconomies of scale 207–8
distribution of social surplus 133–5
Doi, Noriyuki 115
domestic M&A, versus cross-border 12–13
dominance 85, 162
Dornbusch, Rudiger 260, 296
Duso, T. 29, 305
d’Aspremont, Claude 93
EC Treaty (Article 81) 55, 63
Eckard, Woodrow E. 117, 127, 128
Eckbo, B. Espen 126, 128, 187
economic growth, and M&A activity levels 32–3
economic reasons, for an efficiency defence 45–50
economies of scale
of advertising and R&D 208–9
definitions 89, 204, 209–10
multiple-plant firms 217–18
multiple-product firms 213–17
single-product firms 210–13
long-run 47–8, 90–91
merger specificity 222–4
and mergers 219–20
multiple-product firms 221–2
single-product firms 220–21
theoretical examples 224–6
of production 204–8
short-run 47, 89–90
see also diseconomies of scale
economies of scale, assessment of econometric approach empirical estimates 231–4
econometric approach methodology 229–31
empirical approaches 228–9
engineering approach 229, 236–40
mathematical programming (DEA) approach 229, 234–6
economies of scope 48, 91, 205–6, 215–16
economies of vertical integration 206–7
Edberg, Jan-Olof 113
efficiency defence
informational aspects 180–81
political considerations 181–2
efficiency gains 47–9
typologies 86–8, 138–9
see also economies of scale;
purchasing economies;
rationalization of production;
slack; technological progress
electricity generation 233–4
empirical evidence, nature of 111–12
empirical literature 49, 264–5
employment 133–4
see also worker alienation, as
diseconomy of scale
E.ON/Ruhrgas merger case 58
errors in merger decision-making 29, 149–50, 303, 305, 317
Estonia, M&A activity 19
EU merger regulations 182–4
Article 2.1(b) 55–7, 84, 182–4
Article 2.3 54, 84
EU procedure 305
EU Regulations, and efficiency defence 1–2, 43–4, 76–9
EU15, M&A activity levels 10–17
Europe, profits impacts of mergers 113–14
European Commission policy 9
event study methodology 115, 128–9
exchange rate pass-through in general 270–74
due to markup adjustment 274–8
Farrell, J. 63, 80, 101, 109, 163, 172, 185, 218, 219, 227, 306, 317
Federal Trade Commission (FTC) 60–61
Feenstra, Robert C. 132, 160, 262, 272, 273, 277, 296
Finland, treatment of merger cases 59
Fisher, Alan A. 130, 144, 145, 177, 189, 190
fixed costs 138
Foreman, R.D. 295
Forker, O.D. 270
Fox, E.M. 79
framework for merger analysis 45–6
France
M&A activity 11–12
national merger control 27
profits impacts of mergers 113–14
treatment of merger cases 57, 59
Fridolfsson, Sven-Olof 29, 65, 187, 188, 190
Friedlaender, A.F. 205, 206, 232, 295
Friedman, James 103
Froeb, Luke M. 73, 102, 110, 169, 170, 172, 174, 186, 189, 258
FTC (Federal Trade Commission) 60–61
FTC vs. University Health Inc (1991) case 79, 146
Fuji 280
full versus partial defence 144–5
Fuss, M. 295
future viability, within control system design 137
Gal-Or, Esther 103
Galbraith, John Kenneth 185
Gasmi, F. 236
Geithman, Frederick E. 124
general presumptions implementation approach 66–7, 142–4, 150–51
Genesove, D. 270
Germany
cross-border M&A activity 21
M&A activity 11–12
national merger control 27
profits impacts of mergers 113–14
target of cross-border M&A 14
treatment of merger cases 57–8, 139, 142
Ghosh, Atish R. 276
Gilbert, Richard J. 185
Girma, S. 41
Gokhale, Jagadeesh 135, 188
Gold, B. 230, 234, 294
Goldberg, Lawrence 126
Goldberg, Pinelopi Koujianou 132, 277
Gorecki, Paul 126
Gowrisankaran, Gaurtan 190
Greece
cross-border M&A activity 21
treatment of merger cases 59
Greene, W. 234
Grossman, S.J. 95, 97
Gugler, K. 3, 35, 36, 40, 79
guidelines/notices, control system design 146, 184
Harford, J. 41
Harrington, Joseph E. Jr. 104
Harris, J.E. 296
Hart, O.D. 95, 97, 186
Hausman, J. 190
Hay, George A. 104
Healy, Paul M. 115
Hekmat, Ali 135
Hermalin, Benjamin E. 97
HHI (Herfindahl–Hirschman index), use of 53
Hillsdown case/standard 61, 136
Holmstrom, Bengt R. 97, 185
Hooper, Peter 271, 272
Horn, Henrik 97, 190
Houston, Joel F. 117
Hovenkamp, Herbert 189
Humphrey, David B. 129
Hungary
M&A activity 19–20
privatisation by trade sale 23
Ikeda, Katsuhiko 115
implementation
case-by-case approach 67, 142–4, 150
general presumptions approach 66–7, 142–4, 150–51
sequential approach 67–76
increased dimensions (economy of scale) 205
indivisibilities 204, 206
inefficiencies, handling of within control system design 137
innovation, impacts of mergers 131–2
intangible assets 307–9
international competitiveness, handling of within control system design 137
Interstate Bakeries, US vs. 171–2
Ireland, treatment of merger cases 58–9
Irish Competition Authority 58–9
IT sector, proportion of M&A 16–17, 23
Italy, M&A activity 11–12
Jacquemin, A. 44, 50, 74, 79, 93
Jara-Diaz, S. 232
Jarrell, Gregg A. 116, 117
Jenny, F. 100, 113, 242
Jensen, Michael C. 116, 117
Johnson, T.R. 296
joint dominance 85, 162
joint production 206
Jovanovic, B. 317
Kadiyali, V. 280, 285, 290, 291
Kali+Saltz decision 85, 181
Kamien, Morton I. 190
killer standard 136–7
Kim, E. Han 122, 187
Kinne, Konstanze 144
Kinnucan, H.W. 270
Kitching, John 91
Knetter, M. 132, 248, 274, 275, 276, 296
knowledge-sharing 206
Kodak 280
Kole, Stacy R. 135
Kreinin, M.E. 271, 272
Krugman, P. 264
Kumps, Anne-Marie 113
Kwoka, J. 186
Laffont, J.–J. 236
Lamm, R. McFall 123
Lande, Robert H. 130, 144, 145
learning by doing 205
legislation and current practice
Austria 59
Belgium 59
Canada 61–2, 136, 137, 139, 140, 144, 146
Denmark 59
EU treatment of efficiency gains 55–7, 141, 142
EU/USA/Canada comparison 53
Finland 59
France 57, 59
Germany 57–8, 139, 142
Greece 59
Ireland 58–9
Netherlands 59
Portugal 59
Spain 59
Sweden 59, 136, 137, 139
UK 58, 137, 139
USA 60–61, 136, 137, 139, 140, 141, 144, 146
Lehn, Kenneth 135
Leibenstein, Harvey 185
Leonard, Gregory 190
Lev, B. 310
Levin, D. 253
Levin, Richard C. 132
Levy, D.T. 186
Li, Kai 41
Lichtenberg, Frank R. 187
Lipman, Barton L. 185
Long Island Jewish Medical/North Shore Health (US case) 142
L’Oreal/ Maybelline 172
Lucy Lee/ Doctors Regional Medical Center (US case) 139
Lyons, B. 65, 209

M&A activity levels
1990s EU wave compared to USA 31–9
and macroeconomic developments 17–19
and transition to capitalism 23–5
domestic and cross-border 12–13
and economic growth 32–3
EU15 10–17
geographical distribution of 11–12
geographical distribution of cross-border 14–15, 20–21
New Member States 17–25
sectoral distribution of 16–17, 22–3
and share prices 33–7
McAfee, R. Preston 128, 187
McCorriston, S. 132, 254
McFetridge, D.G. 80, 136, 137, 190
Malta, M&A activity 19
management, as diseconomy of scale 207
management incentive 49
Mann, Catherine L. 271, 272
Manne, Henry G. 95, 96
manufacturing sector, proportion of M&A 16–17, 22–3
market shares, impacts of mergers 125–6
market size, and scale economies 238–40
Marris, R. 95
Marston, R. 296
Martin, S. 97, 294

Marvel, Howard P. 124
massed reserves 205
Mayo, J.W. 234
measurement of efficiencies 73–5, 140, 174–5
mechanization 205
Meeks, Geoffrey 113
Menon, J. 272, 273, 274
merger control, in EU 25–31
merger licence fees 179–80
merger waves 31–9
MES (minimum efficient scale) 213, 216–17
Morgan, Eleanor J. 162
MRE (minimum required efficiencies) calculations
assessing elasticities of demand 167–8
with differentiated products and Bertrand competition 165–7
in general 148
with homogeneous products and Cournot competition 163–5
importance of pass-on 158
for a positive externality 172–4
using simulation analysis 168–72
in worst-case scenario 156–62
MSG Media Service case 141
Mueller, Dennis C. 113, 114, 126, 187
Mulligan, J.G. 205
Mullin, W. 270

Nalebuff, Barry J. 97
Narayanan, M.P. 117
Nerlove, M. 233, 295
net effects, handling within control system design 139–40
Netherlands
M&A activity 11–12
profits impacts of mergers 113–14
treatment of merger cases 59
networking 206
Neumark, David 188
Neven, D. 65, 79, 181, 191, 311
Nevo, Aviv 167
Newberry, David M.G. 185
NMS (New Member States), M&A activity levels 17–25
non-coordinated effects 54
Northwest-Republic merger 122
not-for-profit organizations 142
Nugent, Jeffrey B. 107

Office Depot/Staples 279–80
OFT (Office of Fair Trading) 58
Or, Esther Gal- 103
Panzar, J.C. 90, 234, 294, 295
partial efficiency, and verification 178
pass-on 132
absolute versus relative 244
assessing 158–60
in control system design 141–2
firm-specific
competitive industry 259
exchange rate pass-through 270–78
oligopoly with differentiated products 261–3
oligopoly with homogeneous products 259–61
importance 242
industry-wide
competitive industry 244–9
excise taxes 265–7
intermediate goods prices 267–70
monopoly 249–52
oligopoly 252–5
with product differentiation 255–8
in MRE calculations 158
practical illustration
conclusion 292–4
data 282–5
empirical framework 285–8
overview 281–2
results 288–92
and types of efficiency 175–6
Pautler, P. 303
pecuniary gains see redistributive gains
Peer, Henk 113
Peoples, James 135
Perry, M.K. 206
Persson, Lars 186, 190
Pfeifer, P. 266
Pick, D.H. 270
Pindyck, S. Robert 244
plant size, savings due to 237–8
Poland, M&A activity 20, 24–5
political reasons, for an efficiency defence 51–3
Portland cement 130–31, 238
Portugal
M&A target preferences 15
treatment of merger cases 59
post-merger reviews 178–9, 184–5
Pratten, C. 229, 236
price effects
collusion theories 103–5
non-collusion theories 101–3
and pass-on 243
price standard see consumer’s surplus standard
product prices, impacts of mergers
direct studies 121–3
indirect studies 123–5
production function 210
productivity, impacts of mergers 129–31
profits, impacts of mergers
Europe 113–14
Japan 115
in theory 112
USA 114–15
proof, burden of 75–6, 144, 163, 177
proof, standard of 144, 177–8
purchasing economies 48, 93–4
qualitative analysis of efficiencies 71
quantitative cost–benefit analysis 71–3
R&D
economies of scale 208–9
incentives for competitors 139
and merger case decisions 70
and mergers 47, 74–5
rationalization of production 88–9
Rau, P. Raghavendra 118, 119
Ravenscraft, David J. 114, 115, 130
reasons for efficiency defence
economic 45–50
political 51–3
rebuttal versus defence 145–6
redistributive gains 138
refrigerated juices see pass-on,
practical illustration
Reinganum, Jennifer F. 185
Reiss, Peter C. 125
Reitzes, J.D. 186
reserves, massed 205
Roll, Richard 117, 120, 187
Rölle, L.-H. 65, 295
Index

Rosen, Sherwin 101, 175
Ross, D. 96, 120, 130, 187, 191, 207
Ruback, Richard S. 116, 117
Rubinfeld, L. Daniel 244
Ruhrgas/E.ON merger case 58
Russia, as M&A target 21
Rydén, Bengt 113
Ryngaert, Michael D. 117
Saloner, Garth 186
Sandin, Richard 124, 125
scale diseconomies see diseconomies of scale
scale economies see economies of scale
Scania/Volvo merger case 52
Scharfstein, David 95, 186
Scheffman, D.T. 296
Schembri, Lawrence 277
Scherer, F. M. 90, 96, 114, 115, 120, 130, 178, 187, 191, 207, 218, 236, 237, 238, 239
Schmalensee, Richard 104, 123
Schmidt, Klaus 97
Schumann, Laurence 127
Schumpeter, Joseph A. 131
Schwert, G. William 116, 119
scope economies see economies of scope
screening tests 69–70
Seabright, P. 303, 311
sequential implementation approach 143–4, 151–2
burden of proof 75–6
efficiency defence 152–5
measurement of actual efficiencies 73–5, 174–5
qualitative analysis of efficiencies 71
quantitative cost–benefit analysis 71–3
screening tests 69–70
theory 67–8
Shapiro, C. 63, 73, 80, 101, 109, 163, 172, 185, 218, 219, 227, 306, 317
share prices, and M&A activity levels 33–7
share prices, impacts of mergers on competitor companies 126–7
merged companies 115–18
Sharkey, W.W. 224
Sharpe, Steven A. 188
Shell/Cyanamid merger case 70
Sherman, Roger 121, 187
Shin, Hyun Song 163, 191
Shleifer, A. 35, 41, 95, 120
Shughart II, W. 186
Singal, Vijay 122, 127, 129, 187
slack market for corporate control 95–6
product market competition 96–8
X-inefficiency 94
Sleuwaegen, Leo 161, 189, 190
Snyder, Christopher 185
source of efficiencies, investigating empirical evidence 309–12
framework 307–9
Spady, R.H. 232, 295
Spain
M&A target preferences 14–15
treatment of merger cases 59
specialization 204–5
specificity of mergers 140
Spencer, Barbara J. 186
Spiller, P.T. 186, 296
Spulber, D. 65
standard of proof 144, 177–8
see also burden of proof
Staples/Office Depot 279–80
Stennek, Johan 29, 103, 119, 120, 128, 187, 188, 190
Sternberg, Thomas von Ungern- 185
Stigler, G.J. 103, 190, 229
Stiglitz, Joseph E. 97
Stillman, Robert 126
Stockum, Steve 190
Stulz, Rene M. 117
Sullivan, D. 266, 268
Sumner, D.A. 265, 266, 268, 296
Sumner, M. 296
Superior Propane case 61–2
Sutton, J. 294
Sweden
profits impacts of mergers 113–14
treatment of merger cases 59, 136, 137, 139
synergies 306
Taubadel, Stephan von Cramon- 269
technical efficiencies 306
technological change, and merger waves 37–9
technological progress
diffusion of know-how 91–2
R&D incentives 92–3
Teece, D.J. 206, 294
Tetra Laval 308
Tichy, G. 79
Tirole, Jean 185
Tollison, R. 186
total welfare standard (TWS) 64, 136
assumed profitability 110–11
externality analysis 109–10
Williamsonian analysis 106–8
Townley, P. 61
transportation costs, as diseconomy of scale 207
truck 232–3
Turner, D.F. 178
TWA-Ozark merger 122
TWS (total welfare standard) 64, 136
assumed profitability 110–11
externality analysis 109–10
Williamsonian analysis 106–8
Type I and 2 errors 149–50
Type I and II errors 29, 303, 305, 317
UK
M&A activity 11–12
national merger control 27
profits impacts of mergers 113–14
treatment of merger cases 58, 137, 139
Ungern-Sternberg, Thomas von 185
unilateral effects 54
Uruguay Round 13
US vs. Interstate Bakeries case 171–2
USA
debate over efficiencies 85
main bidder in EU M&A 14–15
merger control versus EU 25–6
treatment of merger cases 60–61, 136, 137, 139, 140, 141, 144, 146
Verboven, Frank 104, 124, 132, 167, 187, 267, 270, 278
Verheugen, Günter 52
verification of efficiencies 177–80
Vermaelen, Theo 118, 119
Vestjyske Slagterier/Danish Crown merger case 55–6
Vishny, R.W. 35, 41, 95, 120
Vita, M.G. 259
Volvo/Scania merger case 52
von Cramon-Taubadel, Stephan 269
von Ungern-Sternberg, Thomas 185
voucher distribution, privatization by, and M&A activity 23–4
wages 134–5
see also worker alienation, as diseconomy of scale
Walker, M. 79
Wang Chiang, Judy S. 233
Ward, R. 296
Warren-Boulton, F. 186, 197
Waverman, L. 295
Weber, Andre-Paul 113
Weiss, Avi 187
Weiss, L.W. 236
welfare effects 99–101, 127–9
welfare standard, choice of 62–6, 136–7
Werden, Gregory J. 73, 102, 104, 110, 122, 169, 170, 172, 174, 186, 189, 190, 258
Whinston, C. 232
White, L.J. 177
Wier, P. 128, 187
Wilder, R.P. 234
Williams, Michael A. 128, 187
Williamson framework for merger analysis 45–6
Williamson, Oliver E. 45, 63, 84, 106, 107, 219
Williamson’s standard see total welfare standard
Willig, R. 166
Wohlgenant, M.K. 296
Wolf, Holger C. 276
Woo, Wing T. 271, 272
worker alienation, as diseconomy of scale 207
Wtterwulghe, Robert 113
X-inefficiency 94
Xidex Corporation 121
Yde, P. 259
Zang, Israel 190
Zona, J. Douglas 190