18. The economics of merger control

This chapter deals with the key arguments that underpin the policy goals behind merger control which, in essence, relate to two factors: first, the creation or extension of monopoly power, including the raising of barriers to entry for potential competitors; and second, increasing the scope for collusion in a market which, post-merger, will be more oligopolistic and less competitive than was the market premerger. The first of these two factors is related to the control of dominant firm conduct; dominance itself is not condemned in either the EU or the UK. Nevertheless, in merger control there is a situation where the attainment or extension of dominance may be condemned or prevented.
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