

Competition in Labor Markets

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(please check against delivery)

Good afternoon,

It is my pleasure to chair the keynote speech at the ACE 2022 conference.

This first day saw many topical discussions for competition policy, maybe the best that a competition economist can have throughout the year.

But I will dare say **we saved the very best for last.**

Professor **Nancy Rose** requires no presentation whatsoever. Still, allow me to highlight some biographical notes in Nancy's stellar career in IO and competition policy.

Nancy received her AB *magna cum laude* in economics and government from Harvard University and her PhD from the MIT.

She is currently a Visiting Scholar at the Harvard Kennedy School and Charles P. Kindleberger Professor of Applied Economics at the MIT.

From 2017 to 2020, Nancy headed the MIT's economics department, and from 2014 to 2016, she was deputy assistant attorney general for economic analysis at the DOJ's Antitrust Division.

And until this appointment to the DOJ, Nancy directed the NBER (National Bureau of Economic Research) program in Industrial Organization since its very inception in 1991.

Her own **research** in the fields of industrial organization and antitrust issues has covered a wide array of industries and topics.

Nancy has also been vocal about the need for empirical IO research to delve on matters that are relevant for competition policy enforcement.

Her most recent research explores precisely the role that economics has played in antitrust enforcement over the past 40 years, drawing on economics and legal literature, enforcement decisions, and case law.

Amongst the many areas to which Nancy has made outstanding contributions is **competition in labor markets** - the topic of today's talk.

Indeed, the interactions between competition and the labor market have garnered considerable attention in recent years.

This has been partially driven by a number of empirical studies pointing to:

- a trend of decreasing labor share in GDP and
- to an increase in the degree of concentration in some industries.

In terms of **antitrust enforcement**, we have seen substantial action regarding labor markets in the US.

Antitrust enforcers in Europe have also launched their own labor market investigations.

Earlier this year, the Portuguese Competition Authority issued **a decision for a no-poach agreement** involving the Portuguese Professional Football League and 31 clubs¹.

This decision concerned a stand-alone no-poach agreement.

Last year, the **AdC also published an issues paper on the topic**², together with a **best practices guide**³. And more recently, other competition authorities in Europe have opened investigations and issued decisions on no-poach agreements. Executive Vice President Vestager has also warned that this **topic is on the Commission's radar**.

I thus think it is fair to say that we are seeing increasingly more enforcement amongst antitrust agencies, which contributes to keep labor markets open and competitive.

And I believe that this is particularly relevant in the current setting.

Why is this?

Because we face the challenge of recovering the economy in the midst of an inflationary trend, with a scarcity of labor in many areas. Labor markets need to be **contestable** so as to benefit consumers and innovation.

¹ Press release (April 2022): <https://www.concorrencia.pt/en/articles/adc-issues-sanctioning-decision-anticompetitive-agreement-labor-market-first-time>

² Issues Paper on Labor Markets and Competition Policy (2021): https://www.concorrencia.pt/sites/default/files/Issues%20Paper_Labour%20Market%20Agreements%20and%20Competition%20Policy.pdf

³ Best Practices in Preventing Anticompetitive Agreements in Labor Markets (2021): <https://www.concorrencia.pt/sites/default/files/documentos/guias-promocao-da-concorrencia/Best%20Practices%20in%20Preventing%20Anticompetitive%20Agreements%20in%20Labor%20Markets.pdf>



I have mentioned antitrust enforcement trends.

But more recently, in the US, there have also been **merger-related developments**.

Just last month, a federal judge blocked the Penguin Random House's proposed purchase of Simon & Schuster. This was the first litigated merger challenge mainly focused on upstream harm and labor markets.

Nancy will take us through these and other developments.

Nancy, I think I speak for all in the room if I say that we are very much looking forward to hearing you.