POPULISM AND ANTITRUST

Competition law is designed to promote a consumer-friendly economy, but for the law to work in practice, competition agencies – and the courts who oversee them – must enforce it effectively and impartially. Today, however, the rule of populist governments is challenging the foundations of competition law in unprecedented ways. In this comprehensive work, Maciej Bernatt analyses these challenges and describes how populist governments have influenced national and regional (EU) competition law systems. Using empirical findings from Poland and Hungary, Bernatt proposes a new theoretical framework that will allow the illiberal influence of populism on competition law systems to be better measured and understood. *Populism and Antitrust* will be of interest not only to antitrust and constitutional law scholars but also to those concerned about the future of liberal democracy and free markets.

MACIEJ BERNATT is an Associate Professor at the University of Warsaw. He holds Habilitation, PhD, and MA titles in law and a second MA title in international relations (political sciences). He is the Director of the Centre for Antitrust and Regulatory Studies, Faculty of Management, University of Warsaw (Poland). He held several visiting fellow appointments at academic institutions in Australia, Germany, and the USA. Maciej's research interests lie at the intersection of competition law and constitutional law, administrative law and EU law. His research builds on many years of professional experience gained at the Constitutional Tribunal of Poland, the Supreme Court of Poland, and the Helsinki Foundation for Human Rights as well as broader interests in politics, economics, and history.

GLOBAL COMPETITION LAW AND ECONOMICS POLICY

This series publishes monographs highlighting the interdisciplinary and multijurisdictional nature of competition law, economics, and policy. Global in coverage, the series should appeal to competition and antitrust specialists working as scholars, practitioners, and judges.

General Editors: Ioannis Lianos, University College London; Thomas Cheng, University of Hong Kong; Simon Roberts, University of Johannesburg; Maarten Pieter Schinkel, University of Amsterdam; Maurice Stucke, University of Tennessee.

Populism and Antitrust

THE ILLIBERAL INFLUENCE OF POPULIST GOVERNMENT ON THE COMPETITION LAW SYSTEM

MACIEJ BERNATT

University of Warsaw





Shaftesbury Road, Cambridge CB2 8EA, United Kingdom

One Liberty Plaza, 20th Floor, New York, NY 10006, USA

477 Williamstown Road, Port Melbourne, VIC 3207, Australia

314-321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre, New Delhi – 110025, India

103 Penang Road, #05–06/07, Visioncrest Commercial, Singapore 238467

Cambridge University Press is part of Cambridge University Press & Assessment, a department of the University of Cambridge.

We share the University's mission to contribute to society through the pursuit of education, learning and research at the highest international levels of excellence.

www.cambridge.org Information on this title: www.cambridge.org/9781108710992

DOI: 10.1017/9781108609548

© Maciej Bernatt 2022

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press & Assessment.

First published 2022 First paperback edition 2025

A catalogue record for this publication is available from the British Library

Library of Congress Cataloging-in-Publication data

NAMES: Bernatt, Maciej, author.

TITLE: Populism and antitrust : the illiberal influence of populist government on the competition law system / Maciej Bernatt, University of Warsaw Faculty of Management.

DESCRIPTION: Cambridge, United Kingdom ; New York, ny : Cambridge University Press, 2022. | SERIES: Global competition law and economics policy | Includes bibliographical references and index. IDENTIFIERS: LCCN 2021037817 (print) | LCCN 2021037818 (ebook) | ISBN 9781108482837 (hardback) | ISBN 9781108710992 (paperback) | ISBN 781108609548 (epub)

SUBJECTS: LCSH: Antitrust law–Political aspects–Europe. Populism–Economic aspects–Europe. CLASSIFICATION: LCC KJC6456 .B47 2022 (print) | LCC KJC6456 (ebook) | DDC 343.407/21–dc23 LC record available at https://lccn.loc.gov/2021037817

LC ebook record available at https://lccn.loc.gov/2021037818

ISBN 978-1-108-48283-7 Hardback ISBN 978-1-108-71099-2 Paperback

Cambridge University Press & Assessment has no responsibility for the persistence or accuracy of URLs for external or third-party internet websites referred to in this publication and does not guarantee that any content on such websites is, or will remain, accurate or appropriate.

For Magda



Contents

List of Figures List of Tables		<i>þage</i> xi xiii
Acknowledgments		XV
P	ART I BACKGROUND: POPULISM, DEMOCRACY, ECONOMY	
ı Ir	ntroduction	3
В	Context: Populism, Democracy, Markets, and Competition Law Existing Debates and the Topic of the Book	3 6
C	Approach Principal Questions Structure	13 13
	Methodology Selection of Countries	15 17
	Background Information on Hungary and Poland	19 20
L	Terminology	22
2 P	opulism and Its Relationship with Democracy and the Economy	24
А	Populism as a Driver of Illiberal Change in Democracy Populism: In Search of a Common Meaning Populism: Departure from Liberal Democracy	24 24 29
В	Populism as a Driver of Illiberal Change in the Economy Populism and the Economy	39 40
С	Populism: Departure from a Liberal Economy Conclusions	44 53

viii	Contents	
	PART II POPULIST INFLUENCE ON COMPETITION LAW SYSTEMS	
3	Conceptualization of the Impact of Populism on Competition	
	Law Systems	57
	A Variables	58
	First Variable: The Extent of the Dismantling of Checks	_
	and Balances and the Rule of Law	58
	Second Variable: The Extent of Reevaluation of the Free Market	6.
	Economic Model	60
	B Impact Scenarios Deconstruction	61 61
	Marginalization	61 62
	Atrophy	63
	Limited Impact	63
	C Limitations	63
	D Further Study	65
4	Institutions	66
	A Independence of Competition Agencies	66
	Politically Driven Appointment Process	68
	Limited Autonomy of Decision-Makers	72
	Negative Perception of Agency Independence	77
	Legislative Interventions	78
	Agency's Self-restraint	79
	Summary: Linking Weak Independence with the Impact Scenarios	80
	B Operating Capabilities of Competition Agencies	83
	Leadership Change	84
	Staff Fluctuation and the Decrease in Expertise Scarce Resources	87 80
	Other Challenges	89 92
	Summary: Linking the Decrease in Operating Capabilities	92
	with the Impact Scenarios	93
	C The Mandate of Competition Agencies	95
	Prioritization of Consumer Protection	97
	Blurring the Agency's Mandate	100
	Linking the Broad Mandate of a Competition Agency	
	with the Impact Scenarios	105
	D Judicial Review	106
	Weakening of Independence of the Judiciary	108
	Decrease in Expertise of the Judiciary	116
	Weakening of Constitutionality Review Related to Competition	
	Law	119

	Contents	ix
	Linking Risks for the Independence and Expertise of the Judiciary	
	with the Impact Scenarios	122
	E Conclusions	124
5	Enforcement	126
	A Characteristics of Enforcement	126
	Limited Enforcement	127
	Politically Motivated Enforcement	134
	Linking Enforcement Characteristics with Impact Scenarios	140
	B Application of Competition Law to SOEs	141
	Limited Number of Abuse of Dominance Cases against SOEs	142
	Lenient Review of Mergers Involving SOEs	145
	Linking Limited Scrutiny Over SOEs' Activities with the Impact Scenarios	151
	C Exemptions and Other Limitations on Enforcement	152
	Cartel Enforcement Limitations	153
	Public Interest Exemption in Mergers	158
	Linking the Introduction of Limitations to the Application	~
	of Competition Law with the Impact Scenarios	163
	D Advocacy	164
	An Agency's Limited Advocacy Role Linking Competition Agencies' Limited Advocacy Role with	165
	the Impact Scenarios	168
	E Conclusions	
		170
	PART III A REGIONAL SYSTEM	
6	A Regional System: The Case of the EU	175
	A Legal Reforms: The Case of the ECN+ Directive	176
	B Reaction: EU Law-Based Defenses	185
	Limitation of NCAs' Powers: A Study of an Insufficient Reaction	186
	The Independence of Competition Courts: A Study of Limits on Intervention	190
	C Deficit of Trust and Rule-of-Law Challenges in the Decentralized	
	System of Competition Law	195
	D The Regional System's Central Level: The European Commission	204
	E Conclusions	211
	PART IV FINAL DIAGNOSIS AND PROSPECTS	
7	Conclusions and the Way Forward	217
-	A Diagnosis	217
	Characteristics of Populism Relevant to Competition Law	21/
	Influence of Populists' Governments on the Institutional	_10
	Structure and Enforcement of Competition Law	219
	1	

Х	Contents	
	Interactions within the Regional System of Competition Law:	
	The Case of the EU B Lessons about the Relationship between Competition Law,	219
	Democracy, and Free Markets	222
	C Projecting the Future	224
	D Solutions	228
	Enhancing Resilience: The Institutional Setting	229
	Offering Responses: Enforcement and Advocacy	235
	The Role of the Regional System	237
D /1 1		
	iography	241
Inde	2X	253

Figures

1.1	Relation between populism, democracy, competition law,	
	and markets	þage 14
3.1	Impact scenarios	61
7.1	Mutual relations between populism, democracy, markets,	
	and competition law	222
7.2	Impact scenarios	224

Tables

4.1	Number of infringement decisions in Poland	page 98
4.2	Number of cases in Hungary resolved by a decision on merits	
	(merger cases excluded)	98
5.1	Number of infringement decisions issued by the PCA	130
5.2	Number of draft legislations submitted to the HCA	166
7.1	Manifestations of populists' governments' influence	
	on the competition law system	220
7.2	Manifestations linked with scenarios	226

Acknowledgments

My interest in law has always been from multiple perspectives. During my studies of law and international relations at the University of Warsaw I enjoyed studying different areas of law while at the same time taking care of my passion for history and foreign politics. My professional experience, first as a human rights lawyer and then as référendaire in the Constitutional Tribunal of Poland and the Supreme Court of Poland, reinforced my belief that the law cannot be perceived in isolation from political, societal, and economic dynamics, and that the focus on the text of legal provisions rarely helps in solving real-life legal problems. This is probably why as an academic I liked competition law so much. It is built around open-ended legal provisions and is constantly evolving, as reflected in the case law and practice of competition agencies. The institutional and procedural organization of competition law systems, which were always at the core of my interests, very much dictate what is the real role of competition law in a given country. Indeed, my academic stays abroad always sparked my curiosity about what informs the success and mainstream role of competition law in one country, and what leads to its relatively niche character in another. This book builds on such an approach to law in general and views competition law in such a broader context.

The idea to write this book was born in 2015 when I witnessed first-hand the farreaching legal changes in Poland resulting from the political shift. These changes took many by surprise, including foreign observers, who often perceived Poland as a model of a successful democratic and economic transformation after 1989. The question of how competition law would function in this new reality became increasingly intriguing to me. I was also asking myself whether the developments in Poland fit into the broader processes present in other countries in the world, in particular those with a similar transformation history. Indeed, the second decade of the 2000s was bringing about changes that very few could have predicted in many countries in the world. Liberal democracy and liberal markets were often under pressure.

xvi

Acknowledgments

When first studying the topic, then developing a proposal and researching, and finally working on this book, I enjoyed the support of and/or inspiration from many people, both professionally and privately. Among many others, I am particularly grateful to Marco Botta and Eleanor Fox, as well as to Caron Beaton-Wells, Kati Cseres, Josef Drexl, Deborah Healey, Michael Jacobs, Barry Sullivan, Tihamér Tóth, Márton Varju, Spencer Waller, Peter Whelan, and Laura Zoboli. I am also grateful to all those who provided me with feedback or helped in other ways. The list, while certainly not complete, would include Francisco Beneke, Or Brook, Tom Daly, Amber Darr, Ros Dixon, Łukasz Grzejdziak, Allan Fels, János Gyekiczki, James Hartzell, Katharine Kemp, Tarun Khaitan, Imre Kovács, Martin Krygier, Bartosz Kwiecień, Marek Martyniszyn, Csongor Nagy, Wendy Ng, Martyna Obarska, William Partlett, Yane Svetiev, and Haris Tsilikas. I am also grateful to my interviewees, who helped me so much to develop an understanding of the actual dynamics that inform the functioning of competition law systems. I would also like to thank the editorial team at Cambridge University Press for their support.

During my work on this book I was fortunate to receive scholarships from the Max Planck Institute for Innovation and Competition, Germany, and the National Agency for Academic Exchange, Poland. My research was also supported by the University of Warsaw research funds. This financial support helped me conduct my research and enabled long-term visits in the intellectually stimulating surroundings of the Max Planck Institute for Innovation and Competition, the University of Melbourne (Australia), and the University of New South Wales (Sydney, Australia).

Last but not least, my very special thanks go to Magda Kubecka and Michał Ziółkowski. Without your constant support this book probably would never have been written.

Any omissions or errors in the book are mine.