



From the Editor

This Spring 2011 issue, our 13th, marks an important turning point. When we started in 2005, while we could have dispensed with a print edition and published entirely online, we didn't think either our authors or readers were ready. Authors liked the prestige of print and many readers liked thumbing through a print journal. The spread of iPads together with drastic improvements in the technology for producing online periodicals convinced us late last year to embrace online media fully and to shed the constraints of a print edition. As you get used to the benefits of consuming insights on competition policy in this new format we hope you'll agree that it was the right decision.

Among the benefits of our new format, CPI can now include video and audio material in addition to traditional print. We make use of this capability to kick off this issue. Two of the most influential competition officials in the world were gracious enough to talk with me shortly before releasing this issue. In my interviews with Joaquin Almunia, the Commissioner in charge of competition policy for the European Union, and Jon Leibowitz, Chairman of the U.S. Federal Trade Commission, we discussed their priorities, philosophies, and even touched on personal interests.

Fitting with this adventure into new media the substantive focus of much of this issue concerns digital media and communications. We begin with a symposium including contributions that highlight the interplay among these new technologies, consumer privacy, and consumer protection. FTC Commissioner Julie Brill kicks off the discussion followed by contributions by Andrea Coscelli and Claudio Pollack of OfCom, the United Kingdom's communications regulator; Professors Michael Hammock and Paul Rubin; and Google lawyers Matthew Bye and Oliver Bethell.

The next three articles focus on antitrust issues that are important to the web economy. Many products and services in this new economy are "free" and, exercising the occasional privilege that I take in publishing in this journal, I examine what—if any—import a price of zero has for antitrust. Latham and Watkins lawyer Hanno Kaiser provides his take on a recent debate in the popular media asking "Is the Web Dead"—to quote *Wired*—in the context of closed versus open platforms. Lastly, Manish Agarwal and David Round from the Centre for Regulation and Market Analysis at the University of South

Australia provide a short history and analysis of a business that is generating much antitrust scrutiny these days: search engines.

The next three articles provide a bit of an intermission from the web. Jean Tirole from the Toulouse School of Economics looks at what economists have learned about the role and regulation of interchange fees—the system where merchants that take a card for payment pay fees indirectly to the bank that issued the card to the consumer—in payment systems. Former Pfizer lawyer and current Fordham Professor Kent Bernard examines the challenges competition authorities face when analyzing mergers in innovation markets, providing case studies in the pharmaceutical industry. Then John Temple Lang provides a survey on how EU law treats—and should treat—practices involving aftermarkets.

In another break from the web, two years after the financial crisis, Bruno Lassere, Président du Conseil de la concurrence in France, looks at lessons learned from a competition authority viewpoint, asking among other questions, “Is antitrust enforcement increasingly irrelevant?”

Angela Zhang returns us to our main theme with an analysis of the Chinese court’s decision in the *Baidu* case, involving the leading search engine in China. The case is important because it reflects a serious attempt by a Chinese judge, in a private antitrust case, to deal with alleged anticompetitive practices involving a business under scrutiny in many other jurisdictions: search engines. Cleary Gottlieb lawyer Zhang appeals to the two-sided literature to argue the court got much of the analysis wrong.

The Classic for this issue is by Jeff Rohlfs, then at Bell Laboratories, in which he laid the foundation for the modern work on network effects. MIT Professor Richard Schmalensee argues that this article was really before its time as it provides an excellent economic model of Facebook—now the most trafficked web site on the planet. Schmalensee argues that this classic is well worth re-reading because its insights are even more important today than when the article was published almost four decades ago.

As always, on behalf of the competition policy community, we thank all the men and women who contributed to this issue.

David S. Evans
University of Chicago and University College London