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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

**Executive Summary of the Roundtable on the Interaction between Competition and
Democracy**

Annex to the Summary Record of the 144th meeting of the Competition Committee

5-6 December 2024

This Executive Summary by the OECD Secretariat contains the key findings from the Roundtable on the Interaction between Competition and Democracy, held by the Competition Committee on 6 December 2024.

The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Organisation or of the governments of its member countries.

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Executive Summary of the Roundtable on the Interaction between Competition and Democracy

By the Secretariat¹

The OECD Competition Committee held a Roundtable on the interaction between Competition and Democracy in December 2024. Based on the background paper prepared by the Secretariat, written submissions from delegates, and the contributions by expert panellists and delegates to the discussion, the following key points emerged.

1. The relationship between competition and democracy enjoys a long tradition in the competition policy debate, despite not being of immediate relevance for most authorities' day-to-day activities.

There are many linkages between competition and democracy, including how competition can enhance the role of markets in responding to the preferences of consumers similarly to how democracy responds to citizens. Further, the degree of competition in certain markets can have pronounced effects on democracy, for example in media markets or the marketplace for ideas.

A notable feature of the relationship between competition and democracy is that some countries formalise this link by directly referencing competition in their Constitutions. In addition, there are some traditions within competition policy that emphasise its relevance to a healthy democracy, with the origins of some competition laws closely linked to the idea of maintaining competitive markets to benefit democracy.

2. Perhaps the clearest link between competition and democracy is the concern that ineffective competition contributes to the accumulation of economic power that poses risks to democracy.

One of the most commonly cited and discussed links between competition and democracy relates to the potential for less competitive markets to provide firms with economic power. The discussion identified several potential mechanisms for the transition of economic power to political power, such as lobbying or other forms of corporate influence. Political power acquired outside of the democratic process could become a threat to the healthy functioning of democracy.

However, the links between competition and economic power, and likewise between economic power and political power, are not straightforward. For example, some factors that increase competition and benefit consumers, such as increased efficiency due to scale, may also increase economic power. Despite this complexity, it is clear that at some level competition can play a role in supporting democracy.

3. The discussion emphasised the importance of due process and the rule of law, as well as of independent and transparent competition authorities, as part of building a healthy democratic government system where citizens have trust in public institutions and in their enforcement activities.

Procedural fairness, due process and transparency from public authorities were identified as important contributors to the maintenance of the rule of law, considered by many as a

¹ This executive summary does not necessarily represent the consensus view of the Competition Committee. It does however identify key points from the discussion at the Roundtable, including the views of the expert panellists and the participants' oral and written contributions.

core tenet of democracy. Competition authorities can also play their part in strengthening democracy by helping build trust in public institutions, the degradation of which is seen as a significant threat to the health of democracy. The discussion highlighted the importance that many authorities place in operating as transparently as possible and being open to input from the public, for example through consultations and taking active steps to increase public participation in their activities.

4. Even if democracy and competition are linked, it does not necessarily mean that competition policy needs to actively seek to improve the functioning of democracy. Competition policy promotes competition, which in turn may promote healthy democracy. Nonetheless, there may be steps that competition authorities can take to enhance their democratic role, such as how they prioritise cases.

The discussion noted that a range of hypothetical tools exist that could allow competition authorities to directly take into account democracy in their activities, for example by considering potential harm to democracy in competition cases. However, most authorities operate under frameworks that do not contain provisions for such approaches. The discussion highlighted that, if endorsed, such approaches may not come without risks, potentially being complex to implement and harder to predict. An important point that emerged was that competition law does not need to directly consider democracy to contribute to it. By enforcing competition laws in transparent ways that promote public trust, this could benefit democracy by reducing the risks of harms from ineffective competition to democracy. This potential additional benefit of competition policy was cited as another reason for governments to ensure competition authorities are sufficiently resourced to fulfil their mandate.

Beyond the indirect approach and operating transparently, the most common approach of competition authorities relevant to democracy appears to be in relation to media markets due to the importance of ensuring a plurality of views is available for citizens. Several jurisdictions have special competition regimes in place to regulate competition in media markets and, in particular, mergers between media firms. Beyond media markets, there may also be other options for competition authorities to support democracy without radically changing how they act, for example by prioritising cases that have the potential to impact on democracy, or using advocacy tools when promoting competition could also have a benefit for democracy.