How Many Lawyers Does It Take to Turn on a Lightbulb?
Innovation, Antitrust/Competition Law, and Judicial Independence

Increased innovation is one of the key hoped-for benefits of market competition. However, existing research on the relationship between competition and innovation, rarely considers politics and policies intended to foster market competition, most prominently antitrust law, its enforcement, and related public policies ("competition policy"). In this paper, we identify four ways in which competition policy might foster innovation – even if it might fail to increase market competition. We argue, however, that the effectiveness of such a highly legalized public policy should depend upon (the threat of) meritocratic enforcement and thus on the quality of judicial institutions. Using an original panel dataset, which allows us to examine such a conditional effect of antitrust laws on innovation across many countries and several decades, we show that competition policy indeed can boost innovation, both across and within countries, but that this effect is conditional on the level of judicial independence: In countries with a high level of judicial independence, the adoption of antitrust laws strongly boosts innovation, whereas in countries with low judicial independence, the introduction of such laws has no effect or even slightly dampens innovation.

Research Seminar Political Science
You are cordially invited to the following seminar
Tuesday, 4 May from 10:00 – 11:00hrs, ONLINE via ZOOM

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