

WHAT PEOPLE ARE SAYING ON

Common Ownership and Institutional Investment Theories



"I do not believe we know enough to warrant policy changes....There has not been a clear showing of how common ownership actually causes anticompetitive harm."

Noah Phillips, commissioner, US Federal Trade Commission

June 1, 2018

Source: Comments at the Global Antitrust Economics Conference, [Taking Stock: Assessing Common Ownership](#)

"There is little evidence for economically important effects of common ownership on profits in the banking industry."

Jacob Gramlich, chief of financial structure, Federal Reserve Board,
and Serafin Grundl, senior economist, Federal Reserve Board

October 9, 2018

Source: *Bloomberg Opinion*, [Should Index Funds Be Illegal?](#) by Matt Levine

"Antitrust entrepreneurs choose, of course, to ignore Nobel Laureate Ronald Coase's warning that '[i]f an economist finds something...that he does not understand, he looks for a monopoly explanation. And as in this field we are rather ignorant, the number of ununderstandable practices tends to be rather large, and the reliance on monopoly explanations frequent.'...The latest example of this regrettable phenomenon is the popular new theory that institutional investors' common ownership of minority shares in competing firms may pose serious threats to vigorous market competition."

Alden Abbott, general counsel at the Federal Trade Commission and
former deputy director of the Meese Center at the Heritage Foundation

March 13, 2017

Source: The Heritage Foundation Blog, [Common Ownership by Institutional Investors: Beware Antitrust Overreach](#)

"In the final analysis, index funds' voice over corporate governance decisions sounds less baritone and more falsetto."

Derek Bonnett, policy analyst, Cato Institute

November 13, 2018

Source: Cato Institute Blog, [Index Funds: Promise or Peril? Part I](#)

"The corporate governance mechanism by which this intra-industry collusion is said to be effectuated falls apart under careful scrutiny. Let's wait until there are serious, demonstrable harms to shareholders before turning the coercive machinery of antitrust law and the FTC against what is, on balance, a boon to shareholders and the broader economy."

Derek Bonnett, policy analyst, Cato Institute

November 19, 2018

Source: Cato Institute Blog, [Index Funds: Promise or Peril? Part II](#)

"In order to be convinced that this is something you should be worried about, I really do think there needs to be more empirical evidence of this in other industries and in other markets. I think it's really too early to act on this preliminary research because there is no really good theoretical underpinning for the argument."

Alex Bryan, director of passive strategies research, Morningstar North America

January 12, 2018

Source: Morningstar, [Passive Investing Isn't Hurting Competition](#) by Christine Benz

"We prefer to err on the side of the known advantages of index funds, as opposed to the putative gains from their disruption, until there is more evidence to resolve the key questions around the costs and benefits of a policy response."

Aron Szapiro, director of policy research, Morningstar North America

December 5, 2017

Source: Morningstar, [Would Policymakers Target Index Funds?](#)

“While the evidence is still too sparse to justify antitrust action on this front, there can be little doubt that more research should be pursued to further validate (or not) the effect of institutional investors on market rivalry (and so prices).”

John Woodbury, PhD, vice president, Charles River Associates

June 2017

Source: *CPI Antitrust Chronicle*, [Can Institutional Investors Soften Downstream Product Market Competition?](#)
