Avoid Extending Antitrust Regulation into New Competitive Realms

Over the past several decades, until the financial bailout fiasco, policy makers were justifiably willing to question the presumption that economic regulation automatically benefits consumers. That reform-minded culture helped drive the liberalization of transportation, telecommunications, banking, electricity and more, to the benefit of consumers.

Antitrust regulation, however, enjoys sustained support in the business and popular press, and among policy makers. High-profile antitrust enforcement interventions constitute a business hazard for aggressive, successful firms, and threaten to disrupt innovation and economic growth. Examples include Microsoft, Intel, the scuttled DirecTV/Echostar merger, and the long-delayed XM-Sirius satellite radio merger. New product offerings are delayed or halted, uncertainty destroys wealth, and entities are created that would not have emerged in a free market.

Economic regulations transfer wealth from some companies to others, and nearly always away from consumers. Antitrust regulation, by its mere existence as an option, inevitably attracts political "entrepreneurs" seeking entry or price regulation to hobble or preempt competition. Antitrust enforcement against a rival firm becomes a substitute for actual competition, and generally harms consumers by increasing prices and decreasing output of products and services. Rethinking the true impact of these interventions—whether against "collusion," "predatory pricing," or "discrimination"—should be a goal of policy makers in today's competitive, global marketplace. Antitrust regulations undermine little-understood efficiencies, destroy the wealth-creation process, and rip off consumers while enriching lawyers and bureaucrats.

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