

Resist Anti-Consumer Antitrust Regulation

Before the recent financial collapse and the massive increase in economic regulation, policy makers were often willing to question the presumption that governmental economic regulation benefits consumers. Over several decades, that pro-competitive mindset helped drive the liberalization of transportation, telecommunications, banking, electricity, and several other sectors. In market after market, consumers reaped the enormous benefits of deregulation as prices fell and competition flourished.

Antitrust regulation, however, continues to enjoy broad support among the business community, in the popular press, and among policy makers. Despite its popularity, antitrust constitutes a serious hazard for successful, wealth-creating businesses, and it threatens to disrupt innovation and economic growth. Recent targets of misguided antitrust interventions—or, in some cases, mere *threats* of intervention—have included Microsoft, Intel, IBM, Google, and the Sirius/XM Satellite Radio merger. These innovative firms have been stopped in their tracks by government regulators for allegedly threatening competition. But as a growing body of economic evidence has demonstrated, mergers, acquisitions, and single-firm behavior—no matter the size or market power of the firm in question—

tend to benefit, rather than hinder, competition and innovation. Even when big companies misbehave, they do not act in a vacuum. Providing the necessary competitive responses to successful firms is exactly what markets are for.

Antitrust enforcement and the resulting uncertainties scuttle innovative new product offerings, preclude efficient market arrangements, and thwart the natural evolution of the marketplace and competition itself. The availability of antitrust as a competitive weapon frequently attracts firms seeking entry or price regulation as a means of hobbling more nimble rivals. Persuading antitrust enforcers to penalize successful competitors undermines competition, ultimately harming consumers by driving prices higher and output lower. Antitrust regulation destabilizes the very industries it purports to foster by depriving consumers of competitive marketplace responses to aggressive firms.

Resisting such interventions—whether against “collusion,” “predatory pricing,” or “vertical integration”—should be a top priority for policy makers in today’s competitive, dynamic, global marketplace.

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