Open Letter to President Clinton
from 240 Economists
on Antitrust Protectionism

Dear President Clinton:

Antitrust is supposed to be about protecting consumers against higher prices and other consequences of monopoly power. Accordingly, the Justice Department’s Antitrust Division, the Federal Trade Commission, and state attorneys general are vested with authority to defend competition and protect the well-being of consumers.

The current spate of heightened antitrust activism seems to suggest that anti-competitive business practices abound. Headline-grabbing cases against Microsoft, Intel, Cisco Systems, Visa and MasterCard along with a flurry of merger investigations now under way, would appear to demand the need for a vigorous antitrust enforcement program that will create real competition and eliminate consumer harm.

However, consumers did not ask for these antitrust actions — rival business firms did. Consumers of high technology have enjoyed falling prices, expanded outputs, and a breathtaking array of new products and innovations. High technology markets are among the most dynamic and competitive in the world, and it is a tribute to open markets and entrepreneurial genius that American firms lead in so many of these industries. But, these same developments have not happened by government prescription or by government efforts in stifling competition or in growing or lowering prices. Increasingly, however, some firms have sought to handicap their rivals’ races by turning to government for protection.

Where antitrust authorities respond to these protectionist demands, the workings of markets are short-circuited. Antitrust protectionism means that market decisions about how to compete for consumers’ favor are displaced by bureaucratic and political decisions. More of the energies of firms are directed to seeking political interventions and to defending their political interventions than to competing on the basis of quality, price, and innovation.

In an Open Letter to President Clinton from 240 Economists on Antitrust Protectionism, these experts appeal to the President not to allow antitrust interventions to weaken successful U.S. firms and impede their competitiveness abroad. The cost-benefit test for antitrust has not been met. We urge anti-trust authorities to abandon antitrust protectionism and refrain from such speculative enterprizes when actual consumer harm cannot be shown.

The causes and consequences of antitrust: The public-choice perspective.

Dear President Clinton:

Many of these cases are based on speculation about some vaguely specified consumer harm in some unspecified future, and many of the proposed interventions will weaken successful U.S. firms and impede their competitiveness abroad. The cost-benefit test for antitrust has not been met. We urge antitrust authorities to abandon antitrust protectionism and refrain from such speculative enterprizes when actual consumer harm cannot be shown.

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For further details, including information on the following books and other publications, please contact the Independent Institute:

WINNERS, LOSERS & MICROSOFT: Competition and Antitrust in High Technology
by Fred S. McChesney and William F. Shughart II

ANTITRUST AND MONOPOLY: Anatomy of a Policy Failure
by D. T. Armentano, foreword by Yale Brozen

The Open and Competitive Economies: The Public-Choice Perspective
edited by Fred S. McChesney and William F. Shughart II