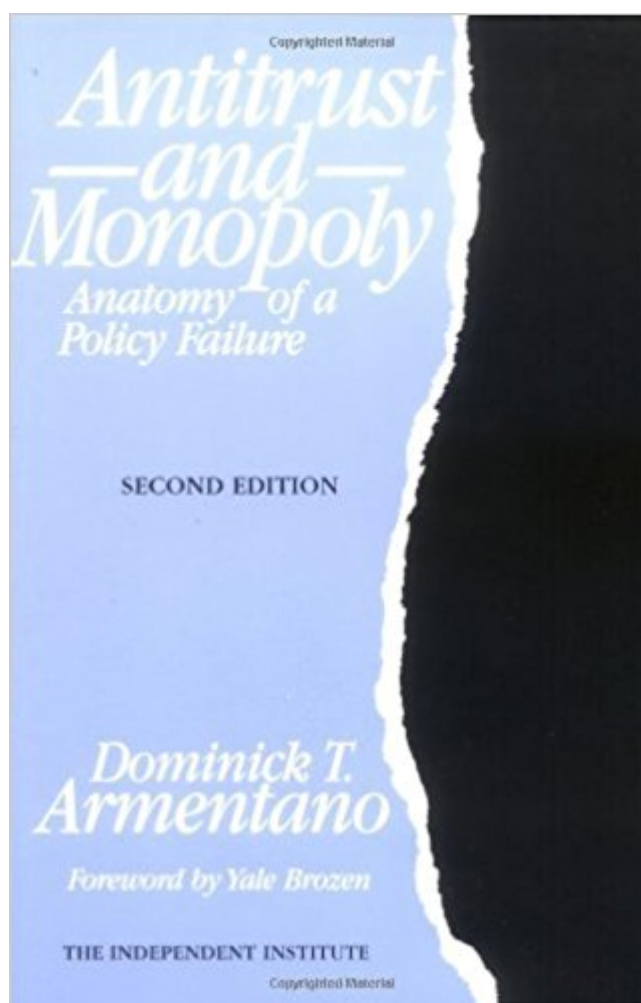


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Antitrust And Monopoly: Anatomy Of A Policy Failure (Independent Studies In Political Economy)



Synopsis

An indictment of antitrust policy, illustrating that the laws have not been employed against monopolies, but have been used to restrain and restrict the competitive process.

Book Information

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Customer Reviews

"For anyone wanting to know what's behind today's headlines . . . should be required reading by every Congressman." -- Yale T. Brozen, Professor Emeritus of Economics, Graduate School of Business, University of Chicago
"Should be on the reading list of every antitrust course. Clearly stated, rigorously developed . . . for professors as well as students." -- Donald Dewey, professor of economics, Columbia University
"Skillfully honed, eloquent . . . Professor Armentano's book must be mastered by all who would be heard on this issue." -- Business History Review
"The . . . best book-length treatment of this issue . . . should become a, if not the standard in economics, history, and political science." -- Public Choice
"Written in a very clear, concise, and declarative manner, which makes it accessible to students as well as interested professionals." -- Antitrust Bulletin

Dominick T. Armentano is Professor Emeritus of Economics at the University of Hartford.

This is a must read for anyone interested in political/economic issues. Dr. Armentano presents a solid case of how a well intentioned law intending to protect the consumer actually ends up with the

opposite effect. A private firm in a free market, ie one that has no government sanctioned barriers to entry, can only maintain a degree of monopoly power by being efficient and charging such a low price for its' product that potential competitors cannot profitably compete. That situation would benefit the consumer, yet according to Anti Trust laws such a firm would be subject to being broken up. Meanwhile firms in regulated industries reap monopoly profits due artificial barriers to entry instituted by the government regulatory agency. Firms in regulated industries are not subject to Antitrust laws. After reading this book one can apply its' logic to see the real reasons behind the recent Epi pen scandal. The marketer of the Epi pen had no competition because the FDA would not allow other firms to enter the market. Meanwhile the politicians and press are strangely silent in diagnosing the problem in this case. The fault lies totally with the FDA which is working in conjunction with Mylan to create an government sanctioned monopoly in which the FDA creates barriers to entry into the market which allows the firm to exploit the consumer. The FDA and other regulatory agencies often behave in this manner, all under the guise of "protecting the consumer" when in reality they are having the exact opposite effect.

Government privilege is the soul author the damaging practice of monopoly. Private monopolies are formed temporarily from cutting prices and improving service. Private monopolies cannot last long otherwise because there is an invulnerable difference between no competition and no possibility of competition. This is the standard work in opposition to these government privilege rent-seeking laws of "anti-trust".

Excelent!!!

First, I will provide context of my reading level. As an armchair intellectual, I enjoy reading books on economic philosophy for pleasure. I have read several books by Milton Friedman (i.e., Free to Choose, Capitalism and Freedom, Money Mischief) a few Mark Skousen Books (e.g., the Big Three in Economics, Vienna and Chicago: Friends or Foes?), a few Thomas Sowell books (e.g., On Classical Economics, Marxism: Philosophy and Economics), Henry Hazlitt's book Economics in One Lesson, Brian Simpson's Markets Do Not Fail!, the collection of essays on the Austrian Trade Cycle and many more. However, despite my established interests, I found this book to be informative but very boring and a chore to read. However, my criticism of the enjoyability of the book does not extend to the value of the author's scholarship. Armentano makes a compelling case that anti-trust laws are arbitrary, are unjust, do not lead their intended results and *never* were moral or practical.

The last point is especially important since many anti-trust critics still concede that it was worth busting trusts such as Standard Oil back in the day. In addition to moral and economics arguments, Armentano presents a extensive history of anti-trust cases as he analyzes over 30 cases up until the time of this books publication (late 1970s). For the reasons stated above, I recommend this book as a reference but I do not recommend it for recreational reading for laymen.

At the time this 2nd edition was published in 1990, Dominick Armentano was a professor of economics at the University of Hartford. He has also written *Antitrust: The Case for Repeal* and *The Myths of Antitrust: Economic Theory and Legal Cases*. He wrote in the Preface, "My trenchant opposition ... to traditional antitrust policy, has not mellowed over the years. I have become even more convinced that the theory and practice of antitrust is fundamentally flawed, and that all of the antitrust laws ought to be promptly repealed." He argues that Ida Tarbell's famous *The History of the Standard Oil Company: Briefer Version* has "been laid theoretically and empirically prostrate." (Pg. 63) He later suggests that "While the pricing philosophy of the U.S. Steel Corporation may have encouraged price stability in the industry... there is little reason to conclude that any steel prices were 'fixed'..." (Pg. 100) He suggests, "since firms don't trust one another in open competition, it is difficult to understand why they would suddenly trust one another during periods of collusion." (Pg. 136) Concerning electrical equipment manufacturers in the 1950s, he concedes, "If an agreement to fix prices constitutes illegal price-fixing, then the electrical manufacturers were certainly guilty of price-fixing... (and) these meetings were a clear violation of the Sherman Antitrust Act. But ... the important questions are ... economic. Did the conspiracy, in fact, 'raise, fix and maintain' unreasonable prices...?" (Pg. 148) He concludes that the antitrust system has worked "to lessen business competition and lessen the efficiency and productivity associated with the free-market process..." (Pg. 271) He argues that "The sole source of monopoly power ... is the state... that has been employed by private firms to private advantage and to the detriment of society." (Pg. 277-278) This book will be of considerable interest to conservative and other free market supporters looking for a detailed examination of these topics.

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