



SILICON VALLEY ANTITRUST
BOALT HALL SCHOOL OF LAW (2017)
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FROM ZERO SUM TO GROWING THE PIE

(1) Old world

- Expectation: almost universal poverty
- Focus: distribution (distributive justice)

(2) New world

- Expectation: "universal opulence" (a decent standard of living for everyone)
- Focus: production (or GDP growth)

PREREQUISITES FOR GDP GROWTH

- Property
- Contracts
- Competition (= our focus)

SOCIETAL AND INDIVIDUAL GOALS

(1) Societal goal: increase output

(2) Individual goal: increase profit

STRATEGIES TO INCREASE PROFITS

(1) Get rich by making others better off

- increases output ("growing the pie")
- increases profit ("reward for growing the pie")
- Harmony between individual and societal goals

(2) Get rich by making others worse off

- decreases output ("shrinking the pie")
- increases profit ("take a bigger slice")
- Mismatch between individual and societal goals

- The antitrust laws discourage (2) but do not require (1)

ANTITRUST: "REGULATED COMPETITION"

Not enough competition	Competition on the merits	"Unfair" competition
Collusion		Exclusion
Directly harms consumers		Harms rivals to the point of damaging the competitive process, resulting in harm to consumers
Strongly disfavored, criminal in some cases		Disfavored
§1 (ROR, per se) §7		§2, §1 (ROR) §7

ECONOMIC GOALS

- Productive efficiency (make more with less)
- Allocative efficiency (ensure that goods travel to those who value them most)
- Dynamic efficiency (create incentives to invest in innovation)

NON-ECONOMIC GOALS

- Protect the political process from dependency on concentrated economic power
("too big to fail")?
- Fairness: Reduce systemic bargaining inequality?