

International Antitrust Law & Policy

Spring 2009, Hanno Kaiser

Class #1 (1/16/09)

Handout: Goals of competition law

Quote 1:

“The Sherman Act reflects a legislative judgment that ultimately competition will produce not only lower prices, but also better goods and services.” The statutory policy underlying the Sherman Act “precludes inquiry into the question whether competition is good or bad.” *Natl. Soc. of Professional Engineers v. U.S.*, 435 U.S. 679 (1978).

Quote 2:

“The Sherman Act was designed to be a comprehensive charter of economic liberty aimed at preserving free and unfettered competition as the rule of trade. It rests on the premise that the unrestrained competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest material progress, while at the same time providing an environment conducive to the preservation of our democratic political and social institutions.” *Northern Pacific Railway Comp., v. U.S.*, 356 U.S. 1, 4 (1958).

Quote 3:

“The mere possession of monopoly power, and the concomitant charging of monopoly prices, is not only not unlawful; it is an important element of the free-market system. The opportunity to charge monopoly prices—at least for a short period—is what attracts “business acumen” in the first place; it induces risk taking that produces innovation and economic growth. To safeguard the incentive to innovate, the possession of monopoly power will not be found unlawful unless it is accompanied by an element of anticompetitive conduct.” *Verizon Communications, Inc. v. Law Offices of Curtis V. Trinko*, 540 U.S. 398, 405 (2004).

Quote 4:

Neelie Kroes, Report on Competition Policy (2006), Foreword (separate file)