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An Open Letter to Public Officials: Beware of Overzealous Antitrust Policies

We, the undersigned economists, write to express concern regarding the government's approach toward antitrust and competition policy, embodied most recently in the Federal Trade Commission's (FTC's) ongoing investigation of Google. We urge public officials to be wary of antitrust activities that do not focus on real harm to consumers.

America's business landscape is scarred with numerous antitrust enforcement actions that have: deprived consumers of choices, stripped entrepreneurs of their freedom to innovate, denied workers and shareholders opportunities to build wealth, enriched competitors whose key attribute is political clout, drained "defendant" companies of capital due to legal expenses, and thwarted potential growth in the economy. Indeed, many firms probed under the government's criteria for "concentration" and other perceived ills have been relegated to much less dominant market players before antitrust proceedings against them were completed.

Whether they have afflicted traditional manufacturers or high-tech firms, antitrust policies have too often failed to recognize the proper limits of government's role in overseeing competition. The result is an arbitrary, conflicted message to the risk-takers who are crucial to our nation's economic dynamism at home and abroad: be productive and creative, but not so productive and creative that competitors and bureaucrats find it in their interest to undermine you. As former FTC Chairman Tim Muris noted in *The Wall Street Journal* in 2010:

Competitor complaints are driving recent EU investigations into companies that include Qualcomm, Google, Oracle and IBM. Competitors can provide valuable information about marketplace realities, but they have every incentive to misuse the government to obtain an advantage that is otherwise unattainable.

Google, with its popular online search engine, is the latest target of regulators claiming to be acting in consumers' interests, even though barriers to entry into the search market are exceedingly low and Google's competition is but one click away for online users.

Furthermore, such competition can come from many different directions, not just among similarly structured companies in a given sector. Any search engine's business model faces competitive challenges not only from other search engines, but also from social networks such as Facebook, mobile-phone applications, and a variety of other advertising platforms.

Perhaps most alarming is the notion that Washington can engineer a "remedy" in this case that is superior to the equilibrium markets will find. There is even discussion over rules dictating how search results "should" appear to a user. Micromanagement to this degree deserves neither a place nor a precedent in our economy.

Regardless of the particular firm under the government's scrutiny, the harm and uncertainty posed to businesses from excessively broad interpretations of antitrust laws are significant. These destructive and ill-fated actions imperil the economy at an especially delicate and pivotal point in its progress toward recovery. Policymakers should instead deploy their talents on restructuring our broken, burdensome regulatory and fiscal management systems in order to foster strong competition and economic growth into the future.

Sincerely,

The Undersigned*

Donald L. Alexander
Western Michigan University

Howard Baetjer, Jr.
Towson University

Atin Basu
Virginia Military Institute

James T. Bennett
George Mason University

Bruce L. Benson
Florida State University

G. Geoffrey Booth
Michigan State University

Donald J. Boudreaux
George Mason University

Phillip J. Bryson
Brigham Young University

William N. Butos
Trinity College

Bryan Caplan
George Mason University

Barry Chiswick
University of Illinois at Chicago

Lawrence R. Cima
John Carroll University

Philip R.P. Coelho
Ball State University

Robert Collinge
University of Texas at San Antonio

Nicole V. Crain
Lafayette College

Wayne Crews
Competitive Enterprise Institute

Kirby R. Cundiff
Northeastern State University

Antony Davies
Duquesne University

Ronnie H. Davis
Florida Institute of Technology

Clarence R. Deitsch
Ball State University

Jeffrey H. Dorfman
University of Georgia

James R. Edwards
Montana State University – Northern

Frank Egan
Trinity College

Richard E. Ericson
East Carolina University

Frank Falero, Jr.
California State University, Bakersfield

William F. Ford
Middle Tennessee State University

Dave Garthoff
University of Akron

David E.R. Gay
University of Arkansas

Paul J. Gessing
Rio Grande Foundation

Otis W. Gilley
Louisiana Tech University

Micha Gisser
University of New Mexico

Richard Grant
Lipscomb University

Dennis Halcoussis
California State University, Northridge

David L. Hammes
University of Hawaii at Hilo

Stephen Happel
Arizona State University

Ronald M. Harstad
University of Missouri – Columbia

David R. Henderson
Hoover Institution, Stanford
University

Bradley K. Hobbs
Florida Gulf Coast University

C. Thomas Howard
University of Denver

James L. Huffman
Lewis & Clark Law School

Jeffrey Rogers Hummel
San Jose State University

Brian J. Jacobsen
Wisconsin Lutheran College

Barry Keating
University of Notre Dame

Daniel Klein
George Mason University

Roger Koppl
Fairleigh Dickinson University

Kishore G. Kulkarni
Metropolitan State College of Denver

Tom Lehman
Indiana Wesleyan University

Stanford L. Levin
Southern Illinois University
Edwardsville

Tony Lima
California State University, East Bay

Jody W. Lipford
Presbyterian College

Alan Lockard
St. Lawrence University

Herbert London
Hudson Institute

Edward J. Lopez
San Jose State University

Lawrence W. Lovik
Alabama Policy Institute

Donald L. Luskin
Trend Macrolytics, LLC

R. Ashley Lyman
University of Idaho

Glenn MacDonald
Washington University in St. Louis

D.W. MacKenzie
Carroll College

Yuri N. Maltsev
Carthage College

Henry G. Manne
George Mason University

Michael L. Marlow
California Polytechnic State University

Deryl W. Martin
Tennessee Technological University

Scott E. Masten
University of Michigan

Timothy Mathews
Kennesaw State University

John McArthur
Wofford College

Deirdre McCloskey
University of Illinois at Chicago

Roger E. Meiners
University of Texas at Arlington

J. Wilson Mixon, Jr.
Berry College

Carlisle E. Moody
College of William & Mary

Michael C. Munger
Duke University

George R. Neumann
University of Iowa

Craig Newmark
North Carolina State University

Walton Padelford
Union University

E.C. Pasour, Jr.
North Carolina State University

Mark J. Perry
University of Michigan – Flint

Keith T. Poole
University of California, San Diego

R. David Ranson
H. C. Wainwright & Co. Economics, Inc.

John Rapp
University of Dayton

Nancy Roberts
Arizona State University

Charles K. Rowley
George Mason University

Paul H. Rubin
Emory University

Thomas Rustici
George Mason University

John Rutledge
Rutledge Capital, LLC

Joseph Salerno
Pace University

Richard T. Selden
University of Virginia

Barry J. Seldon
University of Texas at Dallas

Stephen Shmanske
California State University, East Bay

Vlad Signorelli
Bretton Woods Research, LLC

Neil T. Skaggs
Illinois State University

Alan O. Sykes
Stanford University

John A. Tatom
Indiana State University

Richard K. Vedder
Ohio University

Alan Rufus Waters
California State University, Fresno

Christopher Westley
Jacksonville State University

Peter Williams
University of North Alabama

Gary Wolfram
Hillsdale College

Mokhlis Y. Zaki
Northern Michigan University

Richard Zecher
P/E Investments, LLC and Investor
Analytics, LLC

Kate Zhou
University of Hawaii at Manoa

Joseph Zoric
Franciscan University of Steubenville

Benjamin Zycher
Manhattan Institute for Policy
Research

* Affiliations listed for identification
purposes only.