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Elizabeth Warren's Monopoly Claims Are a Bunch of Baloney

Jennifer Huddleston

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Recently, Senator Elizabeth Warren (D., Mass.) alleged on X (formerly Twitter) that allowing a single company to own restaurants such as Subway, McAlister's, and Jimmy Johns would create "a sandwich shop monopoly." Earlier, the Federal Trade Commission (FTC) announced an antitrust probe into the acquisition.

The average consumer can be quick to laugh at this, knowing how many choices exist for their lunchtime needs. Predictably, the internet largely responded with mockery. But this is just the latest example of how Senator Warren and others have taken the word "monopoly" from its legally and economically defined meaning — i.e. focused on consumer harm — and simply applied it to any popular company bigger than they think it should be.

While the idea of a sandwich-shop monopoly is comical, we should be equally appalled at calls from progressives to change the underlying antitrust laws that threaten, for instance, tech companies. Just as it is easy to see that sandwich shops compete with many other sandwich shops (as well as other general lunch choices), the same remains true in the innovative and dynamic technology sector.

In some cases, it is clear there are two products competing with one another as rivals and substitutes, like the Android and iOS operating systems or restaurants like McAlister's and Panera. In other cases, both market changes through new entrants such as TikTok or new technologies such as AI may likewise bring new competition for tech the same way other restaurants with different menus compete with sandwich shops for lunchtime customers.

Concerningly, this latest call to break up Big Sandwich follows a pattern of policy-makers such as Warren calling for government intervention when they deem companies "too big." This misunderstands the actual purpose of antitrust law, which relies on consumer protection.

If companies are large and popular because they are providing a product that consumers prefer, whether in the sandwich industry or technology sector, that success in the market should be applauded, not criticized. Such popularity often raises the bar for other competitors to come up with new ways to attract customers or challenge these first movers. It is only a cause for concern if such actions are achieved through anti-competitive means that are harming consumers.

Warren's comments appear to be based on misguided concerns that concentration itself is inherently bad. We've heard policy-makers express concerns about such concentration in any number of other industries, including the mistaken idea that a "kill zone" is gobbling up emerging tech rivals before they can challenge existing giants.

However, concentration itself is a poor measure of competition and sometimes, for a variety of reasons, larger firms are able to better serve consumers. But these efficiencies and other benefits continue to be at risk, as agencies like the FTC change their guidelines and increase scrutiny of benign and beneficial mergers. Instead of presuming that regulators can dictate the ideal number of competitors, policy-makers should continue to look at the impact on consumer welfare.

Rather than presuming that mergers are bad until proven otherwise, they should recognize the benefits of mergers for both small players and consumers. If regulators are truly concerned about helping small players in industries, whether it is in tech startups or sandwich shops, they should examine the ways in which regulations may be creating unnecessary costs or barriers to entry, as well as the impact of policies on raising the costs to those small businesses.

The calls for the government to police the sandwich-shop industry should be an alarm to those who have sat back as policy-makers call for changes to antitrust with the claim that they will only impact "tech giants." What Senator Warren's latest criticism shows is that almost any industry could find itself under regulators' scrutiny, and that those calling for changing antitrust laws are unlikely to keep their scrutiny exclusive to one industry.

Antitrust is a powerful tool already, and many progressive policy-makers seem all too eager to use it as an excuse for government intervention into nearly every facet of the economy, including our favorite lunch spots.

Jennifer Huddleston is a technology policy research fellow at the Cato Institute and an adjunct professor at George Mason University's Antonin Scalia Law School.