

## US News & World Report

July 7, 2017

*Antony Davies and James R. Harrigan*

During the 2016 election, candidate Trump was quick to cast antitrust aspersions at Amazon. Speaking of Amazon's CEO Jeff Bezos, who also owns the Washington Post, [Trump said](#), "He thinks I'll go after him for antitrust. Because he's got a huge antitrust problem because he's controlling so much, Amazon is controlling so much of what they are doing," And now that Amazon is poised to [purchase](#) Whole Foods for \$13.7 billion in cash, the company finds itself back in the President's crosshairs.

But President Trump will have to deal with [Commerce Secretary Wilbur Ross's comments](#) about the impending deal. "I think it was a very clever move to marry together a very good, high quality niche retailer with...everything that Amazon has done so well," said Ross. "But I surely don't see any antitrust implications in that." It is not uncommon for administration figures to be out of step with the President's point of view on any number of things, but Trump's disdain of Amazon, Jeff Bezos, and the Washington Post runs especially deep, and it seems to have little to nothing to do with the facts of the matter. Case in point: In the days following the announcement of the merger, Trump went so far as to accuse Amazon, in a [tweet](#), of "not paying internet taxes," while also referring to "AmazonWashingtonPost" as "FAKENEWS," apparently oblivious to the fact that Amazon and the Washington Post are two completely separate companies, and that there is no such thing as an "internet tax."

For what it's worth, most antitrust experts are firmly in Ross's camp, seeing no problem with the merger. But this hasn't stopped the President from playing on the prejudices of his populist base.

It is clear that President Trump takes issue with Jeff Bezos personally, and with the Washington Post generally, and he is using his bully pulpit to score political points, nothing more. But by scoring points he is muddying the waters of what antitrust regulation is supposed to accomplish in the first place.

Antitrust law, simply, is a collection of federal and state laws that regulate businesses with the intent of assuring fair competition for the benefit of consumers. If Amazon has an "antitrust problem," as the President seems to think, then consumers are somehow being harmed by the company. Given Amazon's popularity, this is a little hard to fathom. And it is no easier to see how the deal to acquire Whole Foods will ameliorate that difficulty.

Amazon and Whole Foods together account for less than [2 percent](#) of U.S. food and grocery sales. Surely, the combined companies aspire to a greater market share, but even that would not be problematic. In the end, there are really only two ways companies can gain large market share: they can offer customers what they want, or they can use the force of government to prevent competition. There is absolutely nothing wrong with the former, especially if we are concerned with customers.

Every now and again, a single company rises to prominence within an industry to the exclusion of all others. Netflix is a perfect example. The reason Netflix persisted for years as the only major provider of video streaming is that it provided content people wanted to see at prices they

were happy to pay. But, when Netflix announced a [major price hike](#) in 2011, it lost almost 1 million subscribers. Where did they go? To the upstart [Amazon Prime](#). Consumers themselves put an end to Netflix's near-monopoly.

Customers usually revoke their good graces the instant an entrepreneur emerges on the scene who can do the job better and at a lower price. For years, [detractors have vilified](#) Walmart for causing the closure of so many mom-and-pop stores, but that's wholly incorrect. Walmart has never caused the closing of even one small business; customers did through the choices they made. Walmart has carved out an impressive market share as a result, but that market share will last exactly as long as the company can deliver products people want at prices they are willing to pay. If and when someone can do a better job of that, Walmart will have problems in the market, just as [K-Mart](#), [Gimbels](#), [Woolco](#), and [A&P](#) did before they ultimately withered and disappeared.

If there is an antitrust problem in the United States, it is precisely because of government's meddling in markets. This is not often a federal matter, although it sometimes is. Consider the competition Amtrak faces in the consumer rail market. Who are its top five competitors? It doesn't have five competitors. Why not? Because it is subsidized by the federal government, and no one can compete with that. Other times, federal monopolies mean that *nothing happens at all* as a result of stifling regulation. Such was the case with the early development of cell phones. Were it not for the FCC restricting the use of the radio spectrum, which it monopolized, [some economists have claimed](#) we might have had cell phones 40 years earlier than we did.

Most monopolies in the United States, though, occur at the local level. And nearly everyone has had experience trying to deal with companies that local governments have hand-picked as winners. From cable companies to taxi services to the hotel industry (the latter two being shielded from competition at the hands of Uber and Lyft, and Airbnb, respectively), government, not markets, too often dictates what products and services people are permitted to use. Lest there be any doubt, eight states go so far as to allow the sale of liquor only at state-run stores.

But the President of the United States wants to pick an antitrust fight with Amazon. Perhaps his time would be better spent getting government out of markets instead of using the threat of government to keep people from choosing what they want.

*Antony Davies is associate professor of economics at Duquesne University in Pittsburgh. James R. Harrigan is CEO of FreedomTrust.*

<https://www.usnews.com/opinion/economic-intelligence/articles/2017-07-07/donald-trumps-feud-with-amazon-has-nothing-to-do-with-antitrust-laws>