

## **Background...**

Some U.S. lawmakers have pointed the finger at rising concentration and alleged anticompetitive behavior by both suppliers (e.g., meat packers; oil & gas companies) and retailers (e.g., groceries; online retailers) as the cause of recent, sharp increases in consumer prices. They propose vigorous antitrust enforcement as a tool to stop the scourge of rising prices.

## **But...**

While consumer prices have increased sharply in just the past year, concentration numbers in the relevant markets have been relatively unchanged for years or even decades. The best case that can be mustered is that existing market structures may slightly exacerbate short-term price dislocations whose ultimate cause is exogenous supply and demand shocks brought about by the COVID-19 pandemic and government responses to it.

## **Moreover...**

The purpose of antitrust law is to protect competition, not to guarantee low prices in and of themselves. High or rising prices are not an antitrust violation, as they may be the result of the undistorted competition that antitrust ultimately protects, and the price system is the most effective means of resource allocation, even when the process itself is painful. There are a host of reasons to expect higher prices in the current environment, but virtually none of the evidence points to anticompetitive conduct as one of them.

[Read the full explainer here.](#)