

Statement of Senator Barack Obama for the American Antitrust Institute

When it works well, capitalism is great for consumers. Firms compete to cut prices and improve the customer experience, and consumers have plenty of alternatives, so they are not vulnerable to corporate greed or incompetence. Most of the time, American business enthusiastically participates in this win-win system.

Antitrust helps to keep that system in force. It addresses the temptation that some businesses will sometimes experience, to merge with key rivals instead of outperforming them, to agree not to compete too hard, or to sabotage rivals' efforts to serve consumers instead of redoubling their own.

Antitrust is the American way to make capitalism work for consumers. Unlike some forms of government regulation, it ensures that firms can reap the rewards of doing a better job. Most fundamentally, it insists that customers—not government bureaucrats, and not monopoly CEOs—are the judges of what best serves their needs. America has been a longtime leader in antitrust, and our antitrust rules and institutions have often served as models for other countries wanting to make capitalism work for consumers. At home, for more than a century, there has been broad bipartisan support for vigorous antitrust enforcement, to protect competition and to foster innovation and economic growth.

Regrettably, the current administration has what may be the weakest record of antitrust enforcement of any administration in the last half century. Between 1996 and 2000, the FTC and DOJ together challenged on average more than 70 mergers per year on the grounds that they would harm consumer welfare. In contrast, between 2001 and 2006, the FTC and DOJ on average only challenged 33. And in seven years, the Bush Justice Department has not brought a single monopolization case.

The consequences of lax enforcement for consumers are clear. Take health care, for example. There have been over 400 health care mergers in the last 10 years. The American Medical Association reports that 95% of insurance markets in the United States are now highly concentrated and the number of insurers has fallen by just under 20% since 2000. These changes were supposed to make the industry more efficient, but instead premiums have skyrocketed, increasing over 87 percent over the past six years.

As president, I will direct my administration to reinvigorate antitrust enforcement. It will step up review of merger activity and take effective action to stop or restructure those mergers that are likely to harm consumer welfare, while quickly clearing those that do not.

My administration will take aggressive action to curb the growth of international cartels, working alone and with other jurisdictions to ensure that firms, wherever located, that collude to harm American consumers are brought to justice.

My administration will look carefully at key industries to ensure that the benefits of competition are fully realized by consumers. Americans, for example, spend billions of dollars each year on drugs. Competition from generic manufacturers has the potential to reduce these costs significantly, or at least prevent these costs from ballooning further. An Obama administration will ensure that the law effectively prevents anticompetitive agreements that artificially retard the entry of generic pharmaceuticals onto the market, while preserving the incentives to innovate that drive firms to invent life-saving medications.

My administration will also ensure that insurance and drug companies are not abusing their monopoly power through unjustified price increases – whether on premiums for the insured or on malpractice insurance rates for physicians. I have introduced legislation in the Senate that would repeal the longstanding antitrust exemption for medical malpractice insurance. This narrow bill would do so only for the most egregious cases of price fixing, bid rigging, and market allocation. As president, I will sign this bill into law.

My administration will strengthen the antitrust authorities' competition advocacy programs to ensure that special interests do not use regulation to insulate themselves from the competitive process.

Finally, my administration will strengthen competition advocacy in the international community as well as domestically. It will take steps to ensure that antitrust law is not used as a tool to interfere with robust competition or undermine efficiency to the detriment of US consumers and businesses. It will do so by improving the administration of those laws in the US and by working with foreign governments to change unsound competition laws and to avoid needless duplication and conflict in multinational enforcement of those laws.

In short, I will direct my administration to take seriously our responsibility to enforce the antitrust laws so that all Americans benefit from a growing and healthy competitive free-market economy.