Welcome

We are pleased to welcome you to: **Combining Horizontal and Vertical Analysis in Antitrust: Implications of the Work of Robert L. Steiner**. The event is being held by the *American Antitrust Institute* in collaboration with the *Coggin College of Business, University of North Florida, Bates White, Cornerstone Research* and the *David F. Miller Center for Retailing Education and Research, University of Florida*.

For the past generation, under the influence of the Chicago School of neoclassical antitrust economics, U.S. antitrust policy has paid only slight attention to anticompetitive behavior within vertical inter-firm relationships. During this time, scholarship in economics, law, and business has developed new understandings of interactions between horizontal competition and vertical inter-firm relationships, with important implications for policy. Some of the most provocative writing integrating these insights into antitrust has been by Robert L. Steiner, whose unique experience as a prolific author in marketing and economics, president of a national consumer goods company and as an economist at the Federal Trade Commission, provides new perspectives on what Steiner calls "vertical competition" – the interdependent rivalry that takes place between vertically aligned firms. Today's event will use Steiner's large but under-recognized body of work as a jumping off point for re-examining antitrust policy. Papers will be published in a special symposium issue of the Antitrust Bulletin (4^{th} quarter, 2004)

We hope you find the event to be interesting and informative. Please contact us should you have questions or require assistance at anytime.

Bert Foer and Greg Gundlach

Program

Co-Chairs	**Albert A. Foer**, *President, American Antitrust Institute* **Gregory T. Gundlach**, *Visiting Eminent Scholar in Wholesaling, University of North Florida and Senior Research Fellow, American Antitrust Institute*
8:45-9:00	**Welcome and Orientation**
9:00-9:30	**Vertical Relations in Antitrust: Some Intellectual History** **F.M. Scherer**, *Aetna Professor Emeritus, John F. Kennedy School of Government, Harvard University*
9:30-10:00	**Intellectual History of Vertical Relations in Marketing** **Barton A. Weitz**, *Executive Director, David F. Miller Center for Retailing Education and Research; JC Penney Eminent Scholar, University of Florida*
10:00-10:30	**The Evolution and Applications of Dual-Stage Thinking** **Robert L. Steiner**, *Economic consultant, former Economist, Federal Trade Commission and former President of Kenner Products Co.*
10:30-10:45	**Break**
10:45-12:00	**Why Economists Are Wrong to Neglect Retailing and How Steiner's Theory Provides An Explanation of Important Regularities** **Michael P. Lynch**, *Former Director, Bureau of Economics, Federal Trade Commission* **Commentators** **Paul W. Farris**, *Landmark Communications Professor of Business Administration, University of Virginia* **Pamela Jones Harbour**, *Commissioner, Federal Trade Commission* **Howard P. Marvel**, *Professor of Economics, Ohio State University*
12:00-1:30	**Luncheon** **Introduction:** **Jonathan W. Cuneo**, *Attorney, Cuneo, Waldman & Gilbert, Director, American Antitrust Institute* **Speaker:** **Monroe G. Milstein**, *President, Chief Executive Officer and Chairman of the Board, Burlington Coat Factory Corporation*
1:30-2:30	**Steiner's Two-stage Vision: Implications for Antitrust Analysis** **William S. Comanor**, *Professor of Health Services and Professor of Economics, University of California, Santa Barbara; Director of the Research Program on Pharmaceutical Economics and Policy, University of California, Los Angeles; former Chief, Bureau of Economics, Federal Trade Commission* **The Implications of Robert Steiner's Work For Merger Analysis** **Philip B. Nelson**, *Economists, Inc., formerly Assistant Director for Competition Analysis, Federal Trade Commission*
2:30-2:45	**Break**
2:45-4:30	**Roundtable and Discussion** **Moderators:** **Albert A. Foer**, *American Antitrust Institute* **Gregory T. Gundlach**, *University of North Florida, American Antitrust Institute*

Warren S. Grimes, *Professor of Law, Southwestern University School of Law*

4:30-4:45 **Closing Remarks**

Orientation

The *American Antitrust Institute* in collaboration with the *Coggin College of Business, University of North Florida, Bates White, Cornerstone Research* and the *David F. Miller Center for Retailing Education and Research* is pleased to host today's Roundtable: **Combining Horizontal and Vertical Analysis in Antitrust: Implications of the Work of Robert L. Steiner**. The Roundtable is being held in conjunction with the American Antitrust Institute's 5th Annual Conference.

Background and objectives. For the past generation, under the influence of the Chicago School of neoclassical antitrust economics, U.S. antitrust policy has paid only slight attention to anticompetitive behavior within vertical inter-firm relationships. During this time, scholarship in economics, law, and business has developed new understandings of interactions between horizontal competition and vertical inter-firm relationships, with important implications for policy. Some of the most provocative writing integrating these insights into antitrust has been by Robert L. Steiner, whose unique experience as a prolific author in marketing and economics, president of a national consumer goods company and as an economist at the Federal Trade Commission, provides new perspectives on what Steiner calls "vertical competition" – the interdependent rivalry that takes place between vertically aligned firms. Today's Roundtable will use Steiner's large but under-recognized body of work as a jumping off point for re-examining antitrust policy.

Format. Today's program will include interactive presentations and panel discussions by leading experts in antitrust, economics and business, key policymakers, and knowledgeable practitioners. Attendees are invited to participate through question and answer sessions.

Publication. Papers from the Roundtable will be published in a special symposium issue of the Antitrust Bulletin (4th quarter, 2004)

Sponsors and information. For further information, please access the following websites or individuals:

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David F. Miller Center for Retailing Education and Research (UF)	www.cba.ufl.edu/crer/

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Abstracts

Vertical Relations in Antitrust: Some Intellectual History

F.M. Scherer, *Aetna Professor Emeritus, John F. Kennedy School of Government, Harvard University.*

This paper examines the intellectual history of three main areas in which vertical relationships have been subjected to antitrust scrutiny. The exercise of monopsony power is traced back to Ida Tarbell's expose of Standard Oil's practices in the Pennsylvania oil fields and the subsequent monopolization case. Pyramided monopolies and there tendency toward repeated marginalization are traced to the Rhine River robber barons of the late 18th century and from their to Charles Ellet Jr's. mathematical analysis of end-to-end railroad monopoly pricing. For vertical restraints, the paradox of possible welfare enhancement through the extension of monopoly restraints to another vertical stage is explored and resolved. How the problem was handled in the Toys "R" Us case is described.

Intellectual History of Vertical Relations in Marketing

Barton A. Weitz, *Executive Director, David F. Miller Center for Retailing Education and Research; JC Penney Eminent Scholar, University of Florida.*

Traditional economic models of distribution channels are characterized by atomistic manufacturers and retailers operating independently with their interactions governed by the invisible hand of the marketplace. However, channel members recognize that they can gain competitively and deliver more value to their customers by coordinating their activities. Over the last fifty years, marketing research has focused on mechanisms for achieving this coordination in light of the different goals and perspectives of the channel members. As the relationships between manufacturers and retailers has evolved over this time period, focus in marketing research has shifted from the use of power to the role of relational norms as the coordinating mechanism.

In the 60's and 70's, there was a significant power asymmetry between large, national consumer packaged goods (CPG) manufacturers and smaller, local food retail chains. Due to this power asymmetry, the CPG manufacturers had considerable influence on food retailer's decisions to stock and price their products. Consequently, marketing research during this period focused on the impact of using power to coordinate channel activities and how manufacturers could minimize the negative effects resulting from the use of power. This research examined the channel from the perspective of the manufacturer and provided insights into how the manufacturer could effectively assume the role of a "channel captain."

In the 80's and 90's, CPG manufacturers shifted their marketing expenditures from national advertising to build brand loyalty to the extensive use of consumer and trade promotions to generate short-term sales. This emphasis on short-term promotions resulted in significant channel inefficiencies. Forward buying and diverting by retail chains lead to uneven production and excess inventory in the distribution channel.

Over the last ten years, the development of information systems and communication technologies has created scale economies in retailing and thus significant consolidation has occurred in the retail industry. In addition, the development of these information and communications systems proved an opportunity for greater coordination. Large, discount stores with highly efficient supply chains have entered the food retailing industry forcing traditional food retailers to rethink their business models. The power asymmetries between CPG manufacturers and food retail chains are disappearing and, in some cases, retail chains like Wal-Mart are more powerful than their suppliers.

CPG manufacturers can no longer exclusively use power to govern their channel relationships. Thus, their efforts to coordinate channel management activities have shifted to developing cooperative partnering relationships with retailers. Consequently, the focus of market research on distribution channels over the last ten years has shifted to examining the characteristics of effective channel relationships and the factors that stimulate manufacturers and retailers to make idiosyncratic investments in these relationships. Thus the focus of marketing research has shift from the manufacturer to the "relationship."

Through the development of these partnering relationships, efficiencies in food retailing have improved dramatically. While manufacturer-retailer coordination in category management is one factor affecting these efficiency improvements, the major factor driving these efficiencies is in supply chain management. Through the development of industry standards, the sharing and transmission of information through electronic data interchange (EDI), and use of planning systems, retailers and CPG manufacturers embraced just-in-time (JIT) inventory management and dramatically reduced the level of inventory in the system.

While the use of these JIT systems increases efficiency, reduces costs, and provides for lower prices, they also can create can create a barrier to entry and other disadvantages for manufacturers and retailers unable to invest in the technology to support these supply chain management systems or who are otherwise challenged by their use. The adoption of industry standards and the decreasing cost of these technologies will probably lower these barriers.

The Evolution and Applications of Dual-Stage Thinking

Robert L. Steiner, *Economic consultant, former Economist, Federal Trade Commission and former President of Kenner Products Co.*

Initially, the presentation recounts some robust relationships I frequently observed as a consumer goods manufacturer. I had learned that the demand curve we faced was not simply derived over an inert distribution sector from consumer preferences: (1) that having brands with a below category average retail gross margin bestowed market power on the manufacturer: (2) that manufacturers' and retailers margins for both very strong brands and for fringe brands were inversely related: (3) that changes in productivity, costs and margins at one stage decisively affected the performance of firms at the other stage: (4) that vertical competition between manufacturers and retailers to capture a larger share of a brand's retail price was just as real a process as horizontal competition, and (5) that a firm's true market power was a joint function of these two competitive dimensions.

These and other relationships can scarcely be described, much less can their welfare implications be assessed so as to develop an informed antitrust policy, in the pervasive "single-stage" construct with its tacit assumption of a perfectly competitive retailing sector in which retailers buy and resell as price takers. The paper develops a dual-stage approach and applies its precepts to the analysis of vertical restraints, the Horizontal Merger Guidelines and other horizontal/vertical issues.

Why Economists Are Wrong to Neglect Retailing and How Steiner's Theory Provides An Explanation of Important Regularities

Michael P. Lynch, *Former Director, Bureau of Economics, Federal Trade Commission.*

An examination of the literature shows that economists, as Steiner maintains, often act as though consumers buy directly from manufacturers: as though retailers don't exist. This neglect occurs not just in textbooks, but also when economists estimate the impact on consumers of import restrictions, tax changes, the retail price implications of a proposed merger, etc. By assuming that the price change at the factory level will also be the price change at the retail level, economists, with little theoretical or empirical justification, assume that retailers will not markup (or mark down) upstream price changes despite the fact that retailers typically mark up merchandise invoice prices by more than 40%. When pressed, economists justify this neglect on the ground that retailing can be acceptably modeled as though it were a perfectly competitive (PC) industry with constant marginal costs.

I argue that retailing wouldn't exist in such a world, and that the false assumptions of the PC model produce clearly false implications about the actual world of retailing. Moreover, there are long standing empirical regularities that, though not inconsistent with the PC model, are simply puzzles for it. There seems to no reason why, for example, retailers should set higher margins on store brands, than on leading brands but they do. Steiner's Dual Stage Theory offers an explanation of several interesting empirical regularities. Yet, economists have, by and large, ignored retailing, its regularities and Steiner's explanation. I argue economists' reluctance to seriously consider retailing is part of a broader aversion to economies of scale. Little makes sense in retailing, including its existence, unless you understand that there are economies of scale, especially in transportation. Yet theoretical economists especially have long shunned models involving economies of scale, largely because they have not found a general model that can both take economies of scale into account and that yield theorems of the scope and interest produced by models of perfect competition and monopoly.

Another reason that Steiner's work has not received the attention it merits is that neither he, nor anyone else, has offered a formal model that captures its main ideas. In the absence of a formal model, economists have legitimate concerns over whether the propositions are consistent with each other and with profit maximization on the part of manufacturers and retailers. I have recently constructed a formal model of Steiner's dual stage theory and will summarize its approach and illustrate its application in my presentation.

Using Steiner's Dual-Stage Model to Develop Better Measures of Retail Distribution

Paul W. Farris, *Landmark Communications Professor of Business Administration, University of Virginia*.
Steiner's dual-stage model is an important conceptual tool for marketers and economists investigating structure and performance in consumer markets. One application of the dual-stage model is to help improve the design and interpretation of marketing metrics. Two such metrics, measures of market share and market access (retail availability, or distribution) are also critical indicators for what are currently known as marketing dashboards. Traditionally measures of retailer availability have included numeric, All Commodity Volume, and product category-weighted distribution. The dual-stage model makes it clear that distribution is both a cause and an effect of manufacturer marketing success: the strategies, structures, and performances of both retailers and manufacturers co-determine the equilibriums relationship between share and distribution that characterize a given market. Interpreting the share and distribution metrics properly requires more detailed theoretical and empirical understanding of the equilibrium relationship between share and distribution than we currently possess. As marketers have extended their line and promotion has played a more important role for both retailer and manufacturers, this need for better measures has become apparent. In this paper we review the past research on the relationship between share and distribution and propose improved measures of distribution. We believe these improved measures will be useful for assessing the relationship between strategy, structure, and performance in consumer goods markets.

Steiner's Two-stage Vision: Implications for Antitrust Analysis

William S. Comanor, *Professor of Health Services and Professor of Economics, University of California, Santa Barbara; Director of the Research Program on Pharmaceutical Economics and Policy, University of California, Los Angeles; former Chief, Bureau of Economics, Federal Trade Commission.*

The primary insight of Steiner's two-stage vision is that vertical as well as horizontal economic relationships determine the final prices paid by consumers for most commodities. As a result, he cautions that we should not ignore interactions among firms at different stages of production or draw conclusions entirely from what occurs at one or another stage of production. Unlike so many others today, Steiner does not maintain that vertical relationships are unimportant.

This paper develops the antitrust implications of these insights. They are applied to the analysis of consumer harm, the competitive effects of horizontal mergers, and especially the prospect of anti-competitive effects arising from vertical restraints. In all of these areas, Steiner's vision has important implications for the implementation of an effective antitrust policy.

The Implications of Robert Steiner's Work For Merger Analysis

Philip B. Nelson, *Economists, Inc., formerly Assistant Director for Competition Analysis, Federal Trade Commission* and **Gloria Hurdle** and **Tessie Su**, *Economists Incorporated.*

This paper reviews the implications of Robert Steiner's work for current merger review policies. We conclude that, while Steiner makes a number of valuable contributions, his criticisms do not provide a basis for undertaking a major revamping of the *Merger Guidelines*.

Much of Robert Steiner's work has focused on competition in "dual stage" markets in which a retailer resells a manufacturer's product to final consumers. He observes that a merger that creates market power at the manufacturing level (as reflected in higher post-merger manufacturing prices) can lead to lower consumer prices because retailers may cut their profit margins. He also indicates that the presence of powerful retailers may prevent a manufacturer from raising prices at the manufacturing level after the acquisition of another manufacturer. Based on these and related observations, he argues that the *Merger Guidelines* should be revised to better reflect the insights of "dual-stage" models, since they currently stop some mergers that should be allowed.

Steiner's observation that it can be important to recognize that competition occurs at several levels is a valuable contribution. For example, recognition that the retailer level is not transparent is important when attempting to use retail price data to make predictions about the manufacturing level. However, Steiner's criticism of the current *Merger Guidelines* is not as telling as it might first appear. The Agencies' application of the *Merger Guidelines* has already led them to consider many of the factors that Steiner identifies (e.g., the competitive implications of the presence of a "power buyer"). In addition, there is some basis for the policy of challenging mergers that lead to price increases at the manufacturing level even if there is no direct evidence that these price increases will be passed on to the ultimate consumer. As a result, while Steiner provides some valuable insights into competition in dual-stage markets, he has not provided a convincing argument that the current *Merger Guidelines* should be overhauled.

List of Participants and Guests

Bernard Ascher, American Antitrust Institute
David Barry, Barry & Associates
David Balto, White & Case, LLP
Ronald Bloch**,** National Grocers Association
Michael Burton, Cornerstone Research
Jack Calfee, American Enterprise Institute
Stephen Calkins, Wayne State University
Peter Carstensen, University of Wisconsin
William S. Comanor, University of California, Santa Barbara and Los Angeles
Calvin Covington, Southeast Milk
Jonathan W. Cuneo, Cuneo, Waldman & Gilbert, LLP
Paul Dobson, Loughborough University Business School
Peter L. de la Cruz, Keller and Heckman, LLP
Debra Desrochers, University of Notre Dame
Charity C. Emeronye, Bates White, LLC
Scott Erickson, Ithaca College
Beth Farmer, Pennsylvania State University
Paul W. Farris, University of Virginia
Alan Fisher, Federal Trade Commission
Albert A. Foer, American Antitrust Institute
Luke Froeb, Federal Trade Commission
Joesph Gallo, University of Cincinnati College of Law
Warren S. Grimes, Southwestern University School of Law
Gregory T. Gundlach, University of North Florida
Pamela Jones Harbour, Federal Trade Commission
Norman Hawker, Western Michigan University
Gloria Hurdle, Economists, Inc.
Manesh Kacker, Tulane University
Veronica Kayne, Wilmer Cutler & Pickering, LLP
John Kwoka, Northeastern University
Robert Lande, University of Baltimore School of Law
Jim Langenfeld, LECG
Simon Lazarus, Sidley Austin Brown & Wood, LLP
Michael P. Lynch, Formerly Federal Trade Commission
Howard P. Marvel, Ohio State University
Monroe G. Milstein, Burlington Coat Factory Corporation
Morris Morke, Federal Trade Commission
Diana Moss, American Antitrust Institute
Venkatapparao Mummalaneni, Virginia State University
Dennis Murphy, Federal Trade Commission
Stephen Murphy, Reed Smith, LLP
Zoltan Nagy, Hungarian Competition Authority
Philip B. Nelson, Economists, Inc.
Jack Nevin, University of Wisconsin
Dan O'brien, Federal Trade Commission
Richard J. Olsen, R. J. Olsen, Inc.
Joan Philips, University of Notre Dame
Matthew Porcaro, guest
Russ Porter, Federal Trade Commission
Paola Pugliese, Pinheiro Neto Advogados
Anne Rockwell, guest

F.M. Scherer, Harvard University
Jaret Sieberg, The Daily Deal
Wickham Skinner, guest
Carl Steiner, guest
Christine Steiner, guest
Therese Steiner, guest
Robert C. Steiner, guest
Robert L. Steiner, American Antitrust Institute
Barton A. Weitz, University of Florida
Tom Wenning, National Grocers Association
Tom Zaucha, National Grocers Association
Douglas Zona, Cornerstone Research

Participants' Biographies

William S. Comanor is Professor of Economics at the University of California, Santa Barbara and Professor of Health Services at UCLA. He is also the Founder and Director of the Research Program on Pharmaceutical Economics and Policy at UCLA. He is the 2003 recipient of the Industrial Organization Society, Distinguished Fellow Award. Mr. Comanor was Chief Economist and Director of the Bureau of Economics at the FTC from 1978 to 1980. He also served on the advisory panel of a federal government study on pharmaceutical research and development. Prior to joining the FTC, Mr. Comanor was Assistant and Associate Professor of Economics at Harvard and Stanford Universities, and also Special Economic Assistant to the Assistant Attorney General for Antitrust at the U.S. Department of Justice. Mr. Comanor has written, lectured and testified on numerous topics regarding industrial organization, antitrust, and the economics of the pharmaceutical industry. He received his B.A. from Haverford College, and his Ph.D. in Economics from Harvard University.

Paul W. Farris is the Landmark Communications Professor of Business at the University of Virginia's Darden Graduate School of Business Administration. Professor Farris has undergraduate degrees from the University of Missouri, an MBA from the University of Washington, and his doctorate is from Harvard University. He taught at the Harvard Business School before his appointment at the University of Virginia. He has worked in marketing management for UNILEVER, Germany and in account management for the LINTAS advertising agency. Professor Farris' general research focus is in the area of marketing productivity and budgeting. His work has been published in six books and over sixty articles. Those articles have appeared in professional journals such as *The Harvard Business Review, Journal of Marketing, Marketing Science, Management Science, Decision Sciences, Journal of Advertising Research, Journal of Retailing*, *Journal of the Academy of Marketing Science*, and the *Sloan Management Review*. Professor Farris' has co-authored award-winning article on retailer power, marketing strategy, and advertising testing. He serves on the editorial boards of *Journal of Marketing,* the *Journal of Retailing*, the *International Journal of Advertising*, and is an Academic Trustee of the Marketing Science Institute. Professor Farris' current research is focused on building coherent systems for integrating financial and marketing metrics. Professor Farris consults and teaches executive education programs for many international companies. *Business Week* included him in their "Pick of the Crop" list of the most sought after teachers for company executive programs. His experience as a board member includes appointments for retailers, manufacturers, and software companies.

Albert A. Foer is President of the American Antitrust Institute. His career has included private law practice in Washington, DC (Hogan & Hartson, Jackson & Campbell); the Federal Senior Executive Service (as Assistant Director and Acting Deputy Director of the Federal Trade Commission's Bureau of Competition); CEO of a mid-sized chain of retail jewelry stores for twelve years; trade association and non-profit leadership; and teaching antitrust to undergraduate and graduate business school students. Foer has published numerous articles and reviews relating to competition policy. He is a graduate of the University of Chicago Law School, with an A.B. (magna cum laude) from Brandeis University, and an M.A. in political science from Washington University.

Warren S. Grimes has been Professor of Law at Southwestern University School of Law since 1988, where he teaches antitrust, legislation, business organizations, and unfair trade. His prior positions include Chief Counsel of the House of Representatives Judiciary Committee's Subcommittee on Monopolies and Commercial Law, and Assistant to the General Counsel of the Federal Trade Commission. Professor Grimes is a graduate of Stanford and the University of Michigan Law School. He is co-author, with Lawrence Sullivan on *The Law of Antitrust: An*

Integrated Handbook, West Publishing. He is also a member of the AAI Advisory Board and a former AAI Research Fellow.

Gregory T. Gundlach is the Visiting Eminent Scholar in Wholesaling, Professor of Marketing and Director of the Center for Research and Education in Wholesaling at the University of North Florida and Senior Research Fellow at the American Antitrust Institute. Professor Gundlach's research interests focus on vertical and horizontal interfirm relationships with particular emphasis on how such associations are managed and the nature of competition policy and antitrust issues that may result. His new book the *Handbook of Marketing and Society* (Sage) examines the impact of marketing practices on society. Professor Gundlach is a member of the editorial board for the *Journal of Marketing, Journal of Public Policy & Marketing, Journal of Retailing, Journal of Macromarketing* and the *Journal of the Academy of Marketing Science* and has served as Vice President of Marketing for the American Marketing Association's Academic Council. He has provided counsel and other expertise on marketing and competition related issues to a variety of businesses, trade associations and governmental agencies.

Pamela Jones Harbour was sworn in as a Commissioner of the Federal Trade Commission on August 4, 2003. Her term expires in September 2009. Ms. Harbour joined the FTC from Kaye Scholer LLP where she served as a partner in the litigation department handling antitrust matters. She counseled clients on Internet privacy, e-commerce, consumer protection, and a variety of competition-related matters. Prior to joining Kaye Scholer, Ms. Harbour was New York State Deputy Attorney General and Chief of the Office's 150-attorney Public Advocacy Division. During her 11-year term in the Attorney General's office, she argued before the United States Supreme Court on behalf of 35 states in *State Oil v. Khan*, a landmark price-fixing case. She also successfully represented numerous states in *New York v. Reebok, States v. Keds, and States v. Mitsubishi*, each resulting in multimillion-dollar national consumer settlements. Among her most notable antitrust cases were *New York v. May Department Stores*, a successful anti-merger challenge, and *States v. Primestar Partners*, a consent judgment culminating a four-year multistate investigation of the cable television industry. Ms. Harbour received her law degree in 1984 from Indiana University School of Law, and a B.M. in 1981 from Indiana University School of Music.

Michael P. Lynch is an economist who has worked in academia, government and in private consulting. He taught economics at Indiana University and the University of Pennsylvania. During 15 years at the FTC, he was, at various times, in charge of the Bureaus of Economics research division, worked on antitrust cases and on consumer protection cases and rules and served as Acting Director of the Bureau of Economics. Later he was Associate Director of Economic Policy at the Federal Energy Regulatory Commission. His major work at FERC involved the restructuring of the natural gas pipeline industry from traditional monopoly merchants to "open-access" transporters of gas. After leaving government, he consulted on various energy and antitrust matters for private clients. Currently, in addition to pursuing certain scholarly interests such as constructing models of retailing, he runs Squire Books, selling scholarly, mainly out-of-print books on the internet, a very small scale retail operation.

Howard P. Marvel is Professor of Economics and Law at The Ohio State University, having joined the Ohio State faculty upon completing his Ph.D. in Economics from the University of Chicago. In addition to his Ohio State position, he has held appointments at the Centre for Socio-Legal Studies, Wolfson College, Oxford University, the Hoover Institution on War, Revolution and Peace, Stanford University, and the Institute for Social and Economic Research, Osaka University. He has served as a

Ministries of International Trade and Industry and of Post and Telecommunications of the government of Japan, and the Korean Economic Research Institute as well as to the National Association of Attorneys General, the National Regulatory Research Institute, and Battelle Laboratories. Much of Professor Marvel's work is focused on the economics of product distribution and related issues of antitrust policy. His explanations of the use of vertical restraints such as exclusive dealing, exclusive territories, full-line forcing, and resale price maintenance have been adopted by a number of courts, including opinions authored by Richard A. Posner and Thurgood Marshall. He is currently working on extending his analysis of property rights in distribution to trademark law.

Monroe G. Milstein became President and Chief Executive Officer of Burlington Coat Factory in 1972 when he and his wife, Henrietta, purchased a factory and retail outlet in Burlington, New Jersey. When the company went public in 1983, Milstein was also named Chairman of the Board. Today, in 2003, the corporation has grown to more than 330 retail locations in 42 states. In the last fiscal year, Burlington Coat Factory did over $2.69 billion in annual sales.

Milstein graduated from New York University, with a Bachelor of Science degree in Business Administration at the age of nineteen. Immediately upon graduating, Milstein began his own wholesale coat and suit business which later merged with the wholesale ladies' coat business his father had started in 1924. From the single Burlington, New Jersey store, the company continued to grow at a rapid, but managed pace. Milstein continues to oversee the merchandising of all locations.

Milstein is widely known as the "King of Outerwear" and is well respected for his expertise in the apparel retailing industry. He is also a noted consumer advocate, strongly opposed to price fixing. He is a prime figure in a coalition he established in 1988 to encourage the United States government to enforce the 1907 antitrust laws for the free enterprise system and to reduce consumer prices. Along with other prominent American value retailers, Milstein was integral in passing the antitrust issue through the House of Representatives three times and once through the Senate.

Mr. Milstein is a proud and patriotic American and hopes to instill this patriotism in his 25,000 plus employees nationwide. When asked why he is so patriotic Milstein replied: "America is a wonderful country; it's a land of opportunity. My father was an immigrant and everyday he would say how grateful he was to this country. I speak to people in other countries and they say how hard it is for them to break the pattern of their parent's lives, to move forward. My patriotism is my way of giving thanks."

When asked how he feels about the successful growth of Burlington Coat Factory over the past 30 years to a billion dollar corporation with locations nationwide, Milstein replied: "I am very, very gratified by the company's growth; it's far more than I ever expected when I started it. I know that we have achieved such success because we're different in our operations from other so-called 'off-price' retailers in that we feature prime merchandise up front while others emphasize discontinued or leftover merchandise. Our forte is to have the best of the best. It's not a bargain if you can't find what you want in your size and color."

Milstein has served as President of the Board of Trustees of the Nassau Library System, serving 64 libraries. Monroe Milstein was also named the 2000 Master Entrepreneur of the Year, by *Philadelphia Enterpriser Magazine* & Ernst & Young. Ten Entrepreneurs of the Year were chosen among several dozen of the area's most innovative and successful companies. A profile of Milstein was also included in the June/July 2000 issue of *Philadelphia Enterpriser Magazine*, Volume VII, No.3.

Mr. Milstein lives in central New Jersey.

Philip B. Nelson is a Principal at Economists Incorporateded and formerly Assistant Director for Competition Analysis at the Federal Trade Commission. He received his Ph.D. in economics from Yale University and has published two books and numerous journal articles, many of which deal with market definition, strategic behavior, and other antitrust topics. While at the FTC, Dr. Nelson served on the FTC's Merger Screening and Evaluation Committees and supervised and participated in numerous antitrust investigations. His work on antitrust matters has continued as a consultant. He has worked on numerous large mergers. For example, he worked on the formation of Lockheed Martin, British Telecom's acquisition of a share of MCI, Martin Marietta's acquisition of General Dynamics' launch vehicle business, the merger of Ciba-Geigy and Sandoz to form Novartis, and Mattel's acquisition of Tyco. He has also worked on numerous nonmerger antitrust matters. For example, his consulting work has included the study of alleged collusion, Robinson-Patman violations, vertical foreclosure, intellectual property rights, predatory pricing, and franchise relationships. His work has led him to study numerous industries. For example, he has worked on matters in the defense, pharmaceutical, petroleum, computer, chemical, retailing, telecommunications, sports, and consumer product industries.

F.M. Scherer is Aetna Professor Emeritus at the John F. Kennedy School of Government, Harvard University, and visiting professor at Haverford College. In 1974-76, he was chief economist at the Federal Trade Commission. His undergraduate degree was from the University of Michigan; he received his M.B.A. and Ph.D. from Harvard University. His research specialties are industrial economics and the economics of technological change, leading inter alia to books on Industrial Market Structure and Economic Performance (third edition with David Ross); International High-Technology Competition; Mergers, Sell-offs, and Economic Efficiency (with David J. Ravenscraft); Innovation and Growth: Schumpeterian Perspectives; and New Perspectives on Economic Growth and Technological Innovation. His newest book, Quarter Notes and Bank Notes: The Economics of Music Composition in the 18th and 19th Centuries, has been published by the Princeton University Press. His web home page is found at fmscherer.com.

Barton A. Weitz, is the J.C. Penney Eminent Scholar Chair and Executive Director of the Miller Center for Retailing Education and Research in the Warrington College of Business Administration at the University of Florida. He earned a BSEE at MIT and an MBA and Ph.D at Stanford. Professor Weitz's research interests are in the areas electronic retailing and the development of long term relationships between firms in a channel of distribution (retailers and vendors). His research has been recognized by the Paul Root Award for the *Journal of Marketing* article making the greatest contribution to marketing practice and the Louis Stern Award for article making the greatest contribution to knowledge about channel relationships. In 1998, he was honored as Marketing Educator of the Year by the American Marketing Association. Professor Weitz was Chair of the Board of Directors of the American Marketing Association, an organization of 45,000 marketing professionals and academics. He is on the Board of Directors of the National Retail Federation and the National Retail Institute. He was editor of the *Journal of Marketing Research* and is presently the co-editor of *Marketing Letters* and editor of the Marketing Management journal published by the Social Sciences Research Network.. The David F. Miller Center for Retailing Education and Research at the University of Florida, established by Dr. Weitz, is supported by 25 retail firms including Wal-Mart, Sears, JCPenney, Federated Department Stores, Petsmart, and Walgreens.

Robert L. Steiner
Biography and Selected Publications

Robert L. Steiner is a consultant in economics and business in Washington, D.C. and a member of the AAI Advisory Board and a Senior Research Fellow. After graduating from Dartmouth and receiving his M.A. in economics at Columbia University, Steiner elected to return to Cincinnati where for 25 years he was engaged in various family-owned manufacturing businesses in soap, soft drinks, OTC drugs and toys. The most successful of these was Kenner Products Co., the toy manufacturer, of which he became President. After retirement from active business Steiner reentered academia, teaching at the University of Cincinnati Graduate Business school. He found that he could not reconcile his business experience with the "single-stage" model often used in economic analysis of consumer goods industries in which the retailing sector is ignored by the assumption that it is inert and perfectly competitive. This was the impetus for developing a "dual-stage" theory in which manufacturers and retailers competed both horizontally and vertically and margins at the two stages were often inversely related. His articles applying this approach to the analysis of consumer goods industries and to antitrust issues have appeared in the marketing, advertising, antitrust and industrial organization literature. Later, Steiner served as Senior Staff economist at the FTC's Bureau of Economics, which provided a further, valuable learning experience that supplemented the knowledge gained from a hands-on business career and a study of the literature.

Selected Publications

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The American Antitrust Institute (AAI) is an independent Washington-based non-profit education, research, and advocacy organization. Its mission is to increase the role of competition, assure that competition works in the interests of consumers, and challenge abuses of concentrated economic power in the American and world economy. AAI is an entrepreneurial proponent of the position that competition serves the most vital interests of the American public by (1) assuring competitive prices, (2) fostering innovation and efficiency so that consumers get the choices that a free market should provide to them, and (3) protecting opportunities for small and medium-size businesses to compete on the merits in ways that do not undermine efficiently operating markets. To achieve its mission, AAI: educates the public about the benefits of competition and the ways in which fair and effective competition can be enhanced in the interest of consumers, generates and facilitates research and multidisciplinary approaches to a national competition agenda, and advocates competition-oriented policies in Congress, in the Administration, in the states, and internationally, as an essential element of civil society. The website for the American Antitrust Institute is www.antitrustinstitute.org/

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David F. Miller Center for Retailing Education and Research, University of Florida

The major objectives of the Miller Center for Retailing Education and Research are to:_ stimulate student interest in pursuing careers in retailing, prepare students for entry level management positions, provide continuing education opportunities for individuals currently in retailing, improve communications between retailers and academics so that academics are more familiar with problems facing retailers, and so that retailers can take advantage of new perspectives and insights arising in the academic community undertake research on retailing issues, opportunities, and problems. The objectives are directed toward finding ways to increase retailing productivity and uncover effective strategies for dealing with heightened competition and rapidly changing conditions in retail markets. The website for the David F. Miller Center for Retailing Education and Research is www.cba.ufl.edu/crer/