



The Daily Dish

Merger Wars

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The Food and Drug Administration (FDA) has announced their plan to draft new food guidelines targeting U.S. salt consumption. According to the FDA the average American consumes 3,400 milligrams of sodium each day. The agency's goal for the new guidelines would be to lower this number to 3,000 milligrams a day within two years and lower it even further to 2,300 milligrams within a decade. While the rules are expected to be non-binding, some observers fear the rules could become mandatory in the future. Food manufacturers are asking the FDA to allow for a more gradual salt reduction timeline as they believe the FDA's proposed guidelines are too much too fast.

On Monday St. Louis Federal Reserve Chairman James Bullard said that low interest rates are likely to be the norm for the next two to three years. According to Bullard, real safe rates of return are exceptionally low and are not expected to rise in the near future, therefore he said that interest rates should also remain low. Bullard went on to say that a [single interest rate increase](#) would be all that is necessary for now. Last month Bullard voted against an interest rate hike at the Federal Reserve's September meeting.

Eakinomics: Merger Wars

Here we go again. AT&T has announced its intention to [acquire](#) Time Warner for \$85.4 billion, and the political classes are already firing at the deal. The Wall Street Journal [reports](#) that "In statement put out Sunday by the Trump campaign, Mr. Navarro said Mr. Trump opposes the AT&T deal 'because it concentrates too much power in the hands of the too and powerful few,' and 'This oligopolistic realignment of the American media along ideological and corporate lines is destroying an American democracy that depends on a free flow of information'". Whatever that means. Clinton running mate Tim Kane took a more measured tone, [saying](#) "I share the concerns and questions," Kane said. "We have to get to the bottom of them." And Senators Mike Lee (Chairman) and Amy Klobuchar (Ranking Member) of the Senate Judiciary antitrust subcommittee, [said](#) the deal "would potentially raise significant antitrust issues, which the subcommittee would carefully examine".

Part of the reflexive opposition seemingly stems from the size of the deal, but sheer dollars are not a very interesting metric. The key question is whether the acquisition harms competition and this is pretty hard to see. The only real overlap is in the cable area, and cable distribution is highly regulated to begin with. Instead, as has been widely noted, the marriage is essentially a vertical integration of the Time Warner content with the AT&T mobile distribution network. Now, as a business matter this may or may not pass the test of time. Lots of vertically-integrated industries (e.g., steel, autos, telephones) found themselves insufficiently nimble to handle the changing competitive landscape.

AT&T describes the competitive impact as enhancing competition between wireless and cable: "With a mobile network that covers more than 315 million people in the United States, the combined company will strive to become the first U.S. mobile provider to compete nationwide with cable companies in the provision of bundled mobile broadband and video." Certainly that is something worth watching, and consumer watchdogs like the Federal Trade Commission should keep an eye on consumer benefits.

But the presumption that the government should dictate the internal organization of firms, including the

acquisition and disposition of assets, is simply dangerous. If the government is genuinely interested in enhancing competition — as it should be — the place to focus would be lowering regulatory, tax, and other barriers to the entry of new competitors; not micromanaging the affairs of existing entities.