The U.S. Department of Justice (DOJ) sued to stop Penguin Random House – the world’s largest book publisher – from acquiring its rival Simon & Schuster, the fourth-largest U.S. book publisher. In a new insight, Competition Economics Analyst Fred Ashton walks through the case’s central arguments and notes how its outcome could alter the way the DOJ handles antitrust cases going forward.

Key points:

- Rather than measuring the downstream effects of increased market power, the lawsuit adopts a novel approach contending that the merger will result in monopsony power – where there is only one buyer – and negatively impact payments to authors.
- This case could have broad implications for future antitrust litigation, including how labor and wage effects will be considered and if the relevant section of the Horizontal Merger Guidelines, jointly published by the DOJ and the Federal Trade Commission, will be expanded upon in the forthcoming rewrite.
- If its lawsuit is successful, the DOJ could leverage the monopsony argument to broaden the number of potential targets subject to antitrust litigation.