The Federal Trade Commission (FTC) challenged a proposed merger of Microsoft and video game publisher Activision on the grounds that it would allow Microsoft to limit competition in the console market. In a new insight, Director of Technology and Innovation Policy Jeffrey Westling examines the FTC’s case, what the agency neglects to consider, and the potential impacts on antitrust enforcement across the economy.

Key points:

- The FTC’s challenge of this merger follows a recent pattern in which the agency forgoes a proper examination of a transaction’s effects on competition and consumers and instead looks at concentration itself as a problem.

- The FTC’s analysis limits the market to just two console makers and ignores the competitive pressures that could prevent Microsoft from behaving in monopolistic fashion; this approach neglects the consumer benefits that may result from the transaction.

- While the FTC has had limited success with its “big is bad” approach to antitrust, this case relies on more conventional theories of harm than previous merger challenges under Chair Lina Khan, and thus its outcome could have significant consequences across the economy.

Read the analysis