Press Release

Why the Consumer Welfare Standard Is the Backbone of Antitrust Policy

PAULINA ENCK | OCTOBER 26, 2022

The consumer welfare standard, which aims principally to protect consumers from unfair business practices, has guided antitrust policy for four decades. Yet both lawmakers and antitrust authorities may be attempting to replace it with a form of antitrust enforcement that would prioritize protecting business competitors over consumer interests. In a new insight, Competition Economics Analyst Fred Ashton walks through the history of the consumer welfare standard and explains why replacing it risks creating uncertainty, stifling innovation, and slowing economic growth.

An excerpt:

> Proponents argue that antitrust enforcement agencies should look beyond the effects business practices have on consumers and instead use antitrust policy to promote other social goals, including mitigating depressed employee wages, minimizing inequality, limiting harms to competitors, and preventing the rise of big firms that have amassed political power. In other words, this movement calls for a "fairness" standard – but fairness is subjective. Fairness cannot be measured using economic tools and data. Replacing the consumer welfare standard with one of fairness threatens to worsen economic outcomes for consumers and risks slowing innovation and economic growth.

Read the analysis