# Antitrust Update

## Practical Guidance for Navigating Evolving Risks

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#### JULY 09, 20

#### Executive Order on Promoting Competition in the American Economy

By the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to promote the interests of American workers, businesses, and consumers, it is hereby ordered as follows:

#### Section I. Policy.

A fair, open, and competitive marketplace has long been a cornerstone of the American economy, while excessive market concentration threatens basic economic liberties, democratic accountability, and the welfare of workers, farmers, small businesses, startups, and consumers.

The American promise of a broad and sustained prosperity depends on an open and competitive economy. For workers, a competitive marketplace creates more high-quality jobs and the economic freedom to switch jobs or negotiate a higher wage. For small businesses and farmers, it creates more choices among suppliers and major buyers, leading to more take-home income, which they can relieves it in their enterprises. For entrepreneurs, it provides space to experiment, innovate, and pursue the new ideas that have for centuries powered the American economy and improved our quality of life. And for consumers, it means more choices, better service, and lower prices.

Robust competition is critical to preserving America's role as the world's leading economy. Yet over the last several decades, as industries have consolidated, competition has weakened in too many markets, denying Americans the benefits of an open economy and widening racial, income, and wealth inequality. Federal Government inaction has contributed to these problems, with workers, farmers, small businesses, and consumers naving the price.

income, and wealth inequality. Federal Government inaction has contributed to these problems, with workers, farmers, small businesses, and consumers paying the price. Consolidation has increased the power of corporate employers, making it harder for workers to bargain for higher wages and better work conditions. Powerful companies require workers to sign non-compete agreements that restrict their ability to change jobs. And, while many occupational licenses are critical to increasing wages for workers and especially workers of color, some overly restrictive occupational licensing requirements can impede workers' ability to find jobs and to move between States.

Consolidation in the agricultural industry is making it too hard for small family farms to survive. Farmers are squeezed between concentrated market power in the agricultural input industries — seed, fertilizer, feed, and equipment suppliers — and concentrated market power

## Whole-of Government Competition Policy

### Industries under scrutiny

- Labor markets
- Agricultural markets
- Internet platform industries
- Healthcare markets
  - Insurance
  - Hospitals
  - Prescription drugs
- Beer, wine, and spirits markets
- Real estate
- Repair markets
- Airlines
- Communications (e.g., broadband & spectrum)
- Rail industry
- Defense industrial base
- Consumer financial data

### Issues in the spotlight

- Excessive concentration
- Abuses of market power
  - Monopoly
  - Monopsony

#### Memorandum of Understanding

the Department of Justice,
the Board of Governors of the Federal Reserve System
the Federal Deposit Insurance Corporation, and
the Office of the Comptroller of the Currency
Regarding Executive Order 14036 on
Promoting In the American Evangency

#### I. Purpose and Scope

A. Executive Order 1400 is on Demonting Computition in the American Economy, dated July 9, 2021, excourages the United States, Atterney General, a constallation with the Chairman of the Board of Governors of the Federal Resource System ("Board"), the Chairpenson of the Federal Deposition insurance Corporation ("FDIC"), and the Competitive of the Currency ("OCC") to "review current practices and adopt a plan, not later than 180 adays after the date of this order, for the revitalization of merger oversight under the Bank (Merger Act and the Bank Holding Company Act of 1956 (Public Law 84-511, 70 Stat. 133, 12 U.S.C. 1824c) and 1842(c)." To facilitate the consultation contemplated by the Executive Order, the Department of Junice ("DDI"). Bank, FDIC, and OCC (cach individually an "Agency" and, collectively, "Agencies") enter into this Memorandum of Understanding ("MOUT)'so Share information regarding the Agencies" competitive

#### II. Non-Public Information

- A. When one of the Agencies provides Non-Public Information pursuant to this MOU to one, some or all of the other Agencies flowerall results, Agency providing sugarinformation shall be designated a "Providing Agency" and any such Agency or Agencies receiving used information shall be designated a "Receiving Agency", the Receiving Agency shall presume the information as provided to be confidential Non-Public Information, and will mainstain the confidentially of such information in secondance with terms of this MOU, unless and until the Providing Agency designates otherwise in
- B. For purposes of this MOLI, "Non-Public Information" means any information shared pursuant to this MOLI, including say confidential supervisory information of the Board, pursuant to 12 C.F.R. Part 261, Subpart C., non-public OCC Information pursuant to the 2 C.F.R. Part 361, Subpart C. and except information of the FDIC pursuant to 12 C.F.R. Part 309. Such Non-Public Information includes the information itself, in any form (including written, ond) or electronic, and any document to the extent it contains such information. Non-Public Information does not include information that a Providing Agency has designated as public information.

## **Enforcement Agencies**

**DEPARTMENT OF JUSTICE** 

FEDERAL TRADE COMMISSION

**Department of the Treasury** 

**Department of Agriculture** 

Department of Health and Human Services

Office of Inspector General

**Department of Labor** 

National Labor Relations Board

Department of Transportation

**Federal Reserve System** 

Securities and Exchange Commission

Federal Deposit Insurance Corporation

Office of the Comptroller of the Currency

Federal Communications Commission

**Federal Maritime Commission** 

Commodity Futures Trading commission

Federal Energy Regulatory Commission

Consumer Financial Production Bureau

**Surface Transportation Board** 

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## So what have they done?

Expanded interpretation of Section 5 of the FTC Act

Proposed a rule to ban non-competes

Announced intent to seek criminal penalties for monopolization

Withdrawn safe harbors for information exchanges

Resurgence of Robinson-Patman Act

Focused in on private equity

Aggressive merger enforcement agenda

- Hart-Scott-Rodino violations
- Divestitures
- Active slate of cases

## Section 5's "Incipient Violation"

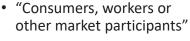
### **1914 STATUTE**

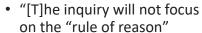
Prohibits "unfair methods of competition in or affecting commerce and unfair or deceptive acts or practices in or affecting commerce"

### **2015 POLICY**

- "Consumer" welfare
- Rule of reason
- Challenged conduct "must cause, or be likely to cause, harm to competition or the competitive process, taking into account any associated cognizable efficiencies and business justifications"

### **2022** Policy





 "Instead" stop "unfair methods of competition in their incipiency based on their tendency to harm competitive conditions"

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## Microsoft/Activision Acquisition

Vertical transaction challenged by FTC

Content foreclosure/raising rivals' costs

### Section 5 claim

- "mergers, acquisitions or joint ventures that have the tendency to ripen into violations of the antitrust laws. . ."
- "mergers or acquisitions of a potential or nascent competitor that may tend to lessen current or future competition. . ."

Takeover blocked by UK antitrust authority on April 26th; still under EU scrutiny





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