

## Antitrust Laws and Capitalism: The Free Market Dystopia

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A market is a place where people gather to purchase items, it also means the composition of the institutions and parties engage in exchange. The free market is a state of the market where there is no government intervention, nor regulations. Antitrust laws are the regulatory mechanisms and codes created by the governments for the markets in order to protect the consumers from unfair trades. In this article, I will explain the relation between the market mechanism and the government, and the inevitable failure of the free market in a world without perfect information.

The free market is argued to be able to “regulate itself” by setting the prices according to the demand, but in a world without perfect information, this is not that simple. First, we should define what perfect and imperfect information are; when both sides of the exchange have all the information about the product and the market, they are perfectly informed. When neither of the parties of the exchange has perfect information, we say that they are imperfectly informed about the market and the product. When one of the parties of the exchange has more information than the other, there is asymmetric information, this is also an imperfect information case. Since the perfect information cannot exist currently in any market on Earth, the “free market is able to regulate itself” argument falls into the category of ridiculous theories created by the rich people to justify their exploitation of the rest of the population. Let me elaborate on the last sentence: Current billionaires of the world are living the dream of the neoliberals from the 1940s which includes almost zero tax for the superrich, poor people are seen as failures, and nearly none of the basic needs of the humans are supplied by the government.

Without swerving from the main point, I need to give you some historical background of the “free market” idea. After the Great Depression in the early 1930s and World War 2 in the late 1930s and early 1940s, neoliberal economists from Europe decided to create a think tank in order to prevent the West from becoming totalitarian like USSR were at the time. The actual resource of the economists’ fear of totalitarian regime came from the experience of Hitler’s Europe, unfortunately, the socialist-like monetary policies of John M. Keynes, which were healing the West from economic and political disasters of the past at the time, did not help their concerns. The Mont Pèlerin Society was found in 1947 by F. A. Hayek and 35 other economists, politicians, and philosophers; and their aim was to liberate the West from the totalitarian regime and to make markets free of government intervention in order to achieve optimum efficiency.<sup>1</sup> Their idea of the neoliberal economy was inspired by the famous work of Adam Smith “The Invisible Hand”, we can summarize the book by saying competition brings efficiency to the market and the invisible hand of competition would balance the prices at an optimum level. Of course, these theories are not the reality of the marketplace at all. Because both Smith’s and Hayek’s idea of a free market depends on the perfect information which we cannot achieve even with today’s technology. Side note; we should keep it in mind that the neoliberal policy suggestions of Hayek at the beginning of the Great Depression not only did not make the situation better, even made it worse by delaying the obvious solution of establishing a welfare state.

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<sup>1</sup> <https://www.montpelerin.org/about-mps/>

The idea of the free market evolved into today's capitalism with rapidly improving technology and its need for labor exploitation. Still, on a global scale, government sizes are not as small as neoliberals of the early 20<sup>th</sup> century dreamt them to be. Hence, this brings us to the topic of Antitrust and Competition Laws that governments are able to implement onto the market to "protect consumers from predatory business practices and ensure fair competition".<sup>2</sup> However, the governments are usually on the corporates' side in the consumer-supplier conflict, because corporates are seen as the backbone of the national and global economy. In most of the nation-wide and international markets, the most powerful ones are monopolies or oligopolies and they should be seen as a threat to the market mechanism rather than fundamental, they should be regulated more strictly rather than receive tax cuts in order to achieve economic growth via "trickle-down effect".<sup>3</sup> I am in incredible need to criticize the inadequate attempts of governments to "regulate the markets" by establishing some codes that full of loopholes which allow corporates to easily go around them, and I have to remind you how easy for corporates to not pay taxes, receive tax discounts, or not get audited for their wrongfully reported taxes. The corporates are seen as the foundation of the market mechanism, in reality, they are the reason for the destructively high prices for basic human needs, unethically low wages for labor, and unfair competition and unbalanced opportunities between the corporates and the small businesses. Even if the free market is achievable with perfect information and able to regulate itself, as we can see it probably would not because of the already established violently competitive and consuming system of corporal oligopoly globally.

To conclude, we cannot say Antitrust Laws are useless, but there is always room to improve on the way to protect consumers and maintain a market environment healthy for both consumers and producers. On the other hand, the goal of the free market would not be beneficial to either party of the exchange without perfect information. The main reason we cannot achieve perfect information is the number of factors that go into both production and the consumption of the product, because an exchange with perfect information must include at least these elements: consumer's preferences, any other substitute of the product and their prices, quality of the product, the production cost of the product, consumer's ability to afford any other price of the product, etc. Even with internet shopping, we fail to collect some of these data. I have to admit, we are closest to achieving perfect information as a society than we have ever been, however, it is still not enough for the free market to exist.

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<sup>2</sup> <https://www.investopedia.com/ask/answers/09/antitrust-law.asp#:~:text=Antitrust%20laws%20are%20statutes%20developed,%2C%20price%20fixing%2C%20and%20monopolies.>

<sup>3</sup> <https://www.epi.org/publication/ib364-corporate-tax-rates-and-economic-growth/>