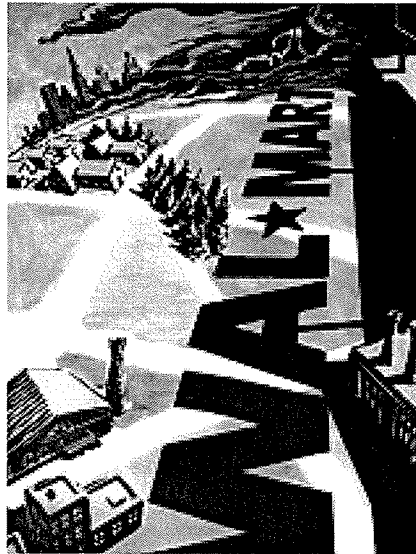


BREAKING THE CHAIN

The antitrust case against Wal-Mart

By Barry C. Lynn

There is an undeniable beauty to laissez-faire theory, with its promise that by struggling against one another, by grasping and elbowing and shouting and shoving, we create efficiency and satisfaction and progress for all. This concept has shaped, at the most fundamental levels, how we understand and engineer our basic freedoms—economic, political, and moral. Until recently, however, most politicians and economists accepted that freedom within the marketplace had to be limited, at least to some degree, by rules designed to ensure general economic and social outcomes. From Adam Smith onward, almost all the great preachers of laissez-faire were tempered by a strain of deep realism. Most accepted that a national economy ultimately served a nation that had to survive in an often brutal world. So, too, did most accept that all economies are characterized by struggles for power and precedence among men and institutions run by men; in other words, that all economies are fundamentally political in nature. And so most accepted the need to use the power of the state—most dramatically in the form of antitrust law—to prevent any one man or firm from consolidating



so much power as to throw off basic balances. The invisible hand of the marketplace, and all that derives from it, had to be protected by the visible hand of government.

It is now twenty-five years since the Reagan Administration eviscerated America's century-long tradition of antitrust enforcement. For a generation, big firms have enjoyed almost complete license to use brute economic force to grow only bigger. And so today we find ourselves in a world dominated by immense global oligopolies that every day further limit the flexibility of our economy and our personal freedom within it. There are still many instances of intense competition—just ask General Motors. But since the great opening of global markets in the early 1990s, the tendency within most of the systems we rely on for manufactured goods, processed commodities, and basic services has been toward ever more extreme consolidation. Consider raw materials: three firms control almost 75 percent of the global market in iron ore. Consider manufacturing services: Owens Illinois has rolled up roughly half the global capacity to supply glass containers. We see extreme consolidation in heavy equipment;

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