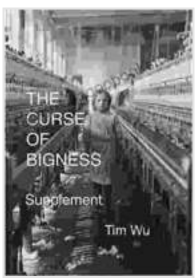
Unveiling the Curse of Bigness: A Comprehensive Supplement

: The Enduring Relevance of Louis Brandeis

In his influential 1913 work, "Other People's Money," Supreme Court Justice Louis Brandeis coined the term "the curse of bigness," warning of the dangers of corporate concentration and its implications for economic and political life. Almost a century later, his insights remain as relevant as ever, prompting a closer examination of the impact of size and power on modern markets and society.



THE CURSE OF BIGNESS: Supplement by Tim Wu

5 out of 5

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This supplement to "The Curse of Bigness" explores the complexities of this issue, drawing from the original text, legal developments, and contemporary economic research. We will delve into the consequences of corporate concentration, the need for decentralization, and the crucial role of law in shaping the size and power of companies.

The Consequences of Corporate Concentration

The growth of large corporations has raised concerns about their ability to harm competition, stifle innovation, and diminish consumer choice. Empirical studies have shown that highly concentrated industries often exhibit higher prices, lower quality, and less product variety.

Moreover, large corporations may engage in predatory practices, such as undercutting prices or tying products, to eliminate smaller rivals and establish market dominance. This can lead to a monopoly or oligopoly, where a few large companies control a significant share of the market and can dictate terms to consumers and suppliers.

The Need for Decentralization

Brandeis argued that the concentration of economic power in the hands of a few large corporations is a threat to democracy and public welfare. He believed that decentralization is essential for preserving competition, promoting economic fairness, and fostering social diversity.

Decentralization involves breaking up large corporations into smaller entities, creating more competitors in the market. This can increase innovation, encourage entrepreneurship, and reduce the likelihood of monopolies forming.

The Role of Law in Shaping Corporate Size

Law plays a crucial role in shaping the size and power of corporations. Antitrust laws, such as the Sherman Act and Clayton Act in the United States, aim to prevent monopolies and promote competition. These laws prohibit anti-competitive behavior, such as price-fixing, cartels, and mergers that would substantially lessen competition.

However, the enforcement of antitrust laws has been inconsistent, and some critics argue that it has failed to keep pace with the increasing sophistication and power of corporations. This has led to calls for stricter antitrust enforcement and the enactment of new laws to address the challenges posed by bigness.

Case Study: The Breakup of AT&T

One of the most famous examples of antitrust enforcement is the breakup of AT&T in 1984. AT&T, which had been a monopoly in the telecommunications industry, was divided into seven regional operating companies. This resulted in increased competition, lower prices, and a wider range of services for consumers.

The breakup of AT&T demonstrates the potential benefits of antitrust laws in promoting competition and decentralization. However, it also raises questions about the optimal size and structure of companies and the impact of technological changes on the relevance of antitrust enforcement.

Balancing Bigness and Competition

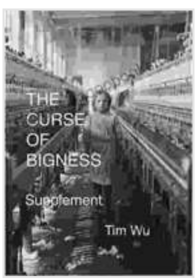
Finding the right balance between bigness and competition is a complex challenge. While large companies can achieve economies of scale and innovation, they can also pose threats to competition and economic fairness.

Policymakers must carefully consider the costs and benefits of corporate concentration and design laws and regulations that promote competition, protect consumers, and foster a diverse and vibrant economy.

: The Ongoing Legacy of Louis Brandeis

Louis Brandeis's insights on the "curse of bigness" remain highly relevant in today's world. The concentration of economic power in the hands of a few large corporations continues to raise concerns about competition, innovation, and democratic values.

This supplement has explored the consequences of corporate concentration, the need for decentralization, and the role of law in shaping the size and power of companies. By understanding these issues, we can better address the challenges and opportunities posed by corporate bigness and strive for a more competitive, fair, and sustainable economy.



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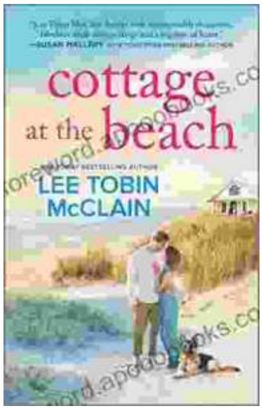

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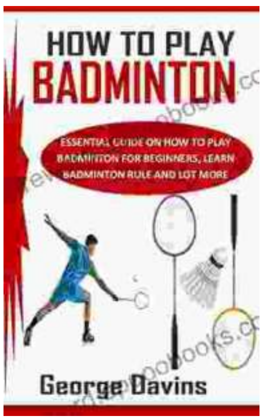

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