The comparative analysis of the economic effects of competition law on the United States and China

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Received: 03 January 2025; Accepted: 20 May 2025.

Abstract
As there are limited attempts made by previous studies in comparing the effects of antitrust law, this paper examines the economic impacts of competition law between the United States and China, focusing on the distinctive approaches adopted by both countries and the corresponding outcomes for their respective economies. The analysis highlights the key differences in enforcement priorities, methodologies and economic impact. To measure economic effect effectively, consumer price indexes are employed in this paper to investigate the influence of antitrust law on it. In addition, this paper applied a conceptual framework, rooted in existing theories and provided a solid foundation. The theoretical-based method allows the paper to describe the relationship between competition law enforcement and economic outcomes in both countries by highlighting how country-specific factors mediate enforcement effectiveness. The conclusions provided critical insights for policy design as well.

Keywords: Macroeconomics, Competition Law, International Economics
JEL: E0, F0, K21, N1

1. Introduction

In the modern world, capitalist productive sectors are crucial for economic growth, however, this might increase the risk of monopolies and lead to anti-competitive practices such as price-fixing or market division when firms abuse their market concentration power. The Competition and Markets Authority (CMA) describe a monopoly as any firm with more than 25% of the industry's sales. Recently, the United States has increasingly become a nation of monopolies when a large and growing part of the economy is "owned" by a handful of companies that face little competition. For instance, in the mobile telecoms industry, three companies control about 80% of the market shares and four have 70% of airline flights market control power within the U.S. Besides, Google has high market power and dominates the search engine market. According to the Agriculture Department, consolidation is more pronounced when four companies control more than 70% of U.S. corn seed sales. For China, in 2021, the government found 12 companies related to 10 deals that demonstrated illegal monopolistic behaviour, including Tencent Holdings, Didi Chuxing and the implementation pressure increased in 2022 by addressing 187 business monopoly cases and imposing fines totalling 784 million yuan. This

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growing concentration of market control highlights the need for government intervention through anti-monopoly laws to constrain further pricing and co-ordinary behaviours and prevent certain circumstances or adjust industrial structure. Moreover, the growth of global trade and regional integration of markets for goods and services has urged for the competition law and policies to prevent any unlawful conduct. It is necessary to protect market competition power in the new creation of regional markets.

To support the goal of combating anti-competitive behaviour and creating effective regional cooperation on competition, various regional organizations and agreements have also been established, offering knowledge exchange and best practices for developing competition law and policy. The development of regional competition law and policy has been affected by multiple factors, with one of the key considerations being the level of economic growth among the member states. Economically, developed countries are better equipped to design and enforce robust competition frameworks, while emerging nations may face challenges in establishing comprehensive competition regimes. Besides, the absence of national competition regimes would limit the regional integration as those without may need additional assistance or guidance. Local circumstances such as the historical legacy and legal traditions of the member countries can also play a significant role. Taking these factors into consideration, the importance of fair competition in any market economy cannot be overstated. As such, many organisations across the globe have been set up with the primary goal of ensuring fair competition and eliminating monopolistic practices.

Among these, the Organization for Economic Cooperation and Development (OECD) and the World Trade Organisation stand out as two notable examples of institutions that deliberately encourage fair competition and stop monopolistic practices. These two institutions stand out due to their deliberate efforts to enhance an environment that benefits consumers and the market at the maximum. Founded in 1961, the OECD is an international organisation composed of 38 member countries with a mission to promote policies aimed at improving the economic and social well-being of the population. One of the OECD's key contributions suggests that competitive markets allow firms to be more efficient in providing consumers with high-quality products and services as well as support this objective by introducing a market - studies guide to help the authorities to conduct antitrust investigations. These guidelines are based on a deep understanding of market economics and are designed to reflect the principles of free market competition, updated regularly to reflect new market trends. For the WTO, this organisation includes approximately 80 member countries, including some 50 developing and transition countries that have adopted competition laws. These laws are designed to address a variety of anti-competitive practices that reduce the fair competition in the market because such practices could block market access for new competitors. The WTO has elaborated the concept of competition policy extending beyond just the formal competition laws enacted in member countries. By including a broader range of measures, this can encompass regulations that apply to specific economic sectors aimed at privatisation. In the lead-up to the 2003 Cancun Ministerial Conference, the issue of competition policy became a significant point of discussion among WTO members when developed members and a number of developing countries pointed to fighting hard-core cartels because this is particularly harmful to market efficiency. After all, it involved coordinated actions by firms to fix prices or otherwise manipulate market conditions in a way that prevented fair competition. These countries argue that a global approach to address such cartels could help to eliminate some severe anti-competitive practices. Developed nations have pushed for stronger international cooperation to enforce competition policies to achieve a multilateral trading system. On the other hand, a few developing countries continue to express concern over additional burdens a new WTO agreement might bring, especially for members that do not currently have competition laws. Since the regulations governing competition law vary substantially by country, such differences might have a significant influence on consumer outcomes and market performances.

1.1 Benefits and challenges of antitrust law on economics

Based on Soomro and Wang (2023), the antitrust law or competition law is designed to regulate companies with substantial market power, promote fair competition and prevent monopolistic practice. Regarding the history of antitrust law for the two selected countries in this paper, in the United States, its origin can be traced back to the Sherman Antitrust Act, which is the first major legislation in the US, targeted at addressing monopolies and cartelization, including price-fixing. Before the Sherman Act was introduced in the US Congress, state governments had shown deliberate endeavours in safeguarding competition through penalizing monopolies and adopted policies to confront monopolies, together with global regulatory agencies pursuing lawsuits against illicit behaviours, such as collusion, abuse of dominance, and cartelization (US National Archives, 2021; Begović, 2020; Krivka, 2016).

During the Second Industrial Revolution in the 1890s, the U.S. economy was developing very rapidly (May, 1987). Public outcry over monopolistic behaviour and gigantic mergers of firms were precipitated by the formation of national marketplaces, large firms, and deflationary pressures. Consequently, the Sherman Antitrust Act of 1890 came into being to limit the power of trusts and restore the market to competitive levels as unregulated corporate power could smother small firms and distort the marketplace (Lande, 1998; Hovenkamp, 1989). By the 1930s, economic conditions had fallen into disastrous disarray with the onset of the Great Depression. With massive unemployment, business closures, and a total breakdown in consumer spending, the federal government initially suspended antitrust law enforcement as part of the National Industrial Recovery Act of 1933, allowing for cooperative business behaviour in an attempt to stabilize the economy. But when these policies weren't panning out, it changed its policies. Under Thurman Arnold's leadership of the Department of Justice, antitrust enforcement was revitalized as a tool of restoring competitive markets and countering economic stagnation. Restoring breakup of monopolies as a prime priority was a response to crisis and part of a wider shift toward state-led intervention into the economy (Hawley, 2015).

Throughout the 1980s, the economic climate shifted again—this time towards deregulation, inflation restraint, and free-market efficiency. Based on Chicago School economics, antitrust enforcement became more permissive. The emphasis moved from structure within the market towards consumer welfare, measured primarily in terms of price effects. Courts were less inclined to disturb dominant firms unless there was unequivocal evidence of consumer injury. This shift aligned with the broader neoliberal economic agenda of Reagan's administration, one that was averse to having government interfere with markets as little as possible. All of these incidents demonstrate an express relationship between prevailing economic challenges, policy priorities, and antitrust doctrine development. Instead of standing still, American competition law evolved to suit changing economic philosophies whether to defend small enterprises in the 1890s, to arrange for recovery in the 1930s, or to enhance efficiency in the 1980s. Short of it, the course of American antitrust law shows that competition policy is not exclusively legalistic, but is instead economically context-sensitive, conforming to broader political and economic imperatives of a given period.

While in China, the government first adopted the anti-unfair competition law in 1993, aiming to overcome inappropriate market competition. Recognising the importance of comprehensive anti-monopoly legislation (AML) as a vital component in the development of modern civil legal and the introduction of such policy marked a significant step in China’s legal reforms, which were initiated as part of the strategy to modernise and promote its rapidly growing economy. Even though this legal reform came relatively late compared to other economies that had already established competition laws, it was still a crucial move in matching China's legal structure with the demands of a market-driven economy. The anti-monopoly law has borrowed the structure of Western antitrust laws, especially in the European Union. Like its Western counterparts, the AML prohibits monopolistic agreements between businesses and the abuse of dominant market position. Furthermore, the AML establishes a notification and approval process for corporate mergers and acquisitions. This is similar to the regulatory frameworks in place in other major economies, which seek to ensure that mergers do not create a monopoly structure. While the AML shares many features with Western competition laws, it also includes certain unique aspects that reflect China’s specific political and economic context. One notable feature is its focus on “administrative monopolies,” barring anticompetitive conduct by government agencies. This provision acknowledges the significant role the Chinese government and state-owned entities play in the economy and ensures that they do not misuse their power to influence fair competition (Harris, Wang, Cohen, Zhang, & Evrard, 2011; Wang, 2008; Harris, 2006).

Numerous scholars contend that enforcing competition law could improve consumer welfare and best serve the public interest through better innovation and broadening choice. However, the result could be ambiguous. Using the US as an example, one of the famous cases in American history is the war against Standard Oil Company, which became the poster for monopolistic dominance in the late 19th century and 20th century. Throwing back the history, Standard Oil has acquired refining companies in other cities and controlled more than 90% of the market share within 10 years of expansion (Granitz & Klein, 1996). With a large market share, Standard Oil integrated backwards into oil exploration and crude oil distribution and forward integration into the retail distribution of its refined products. This was against the rule of anti-competitive when Standard Oil used its size to undercut competitors by under-pricing and threats to suppliers and distributors who did business with Standard's competitors. The business action has been challenged by the Justice Department, indicating the violation of the Sherman Act and raised to the court under the expediting act. The federal government's effort to break up Standard Oil into 39 smaller companies and similar monopolies highlights the challenges associated with enforcing antitrust law. In the case of Standard Oil, some economists argue that Standard Oil's dominance is not a monopoly but resulted from its ability to meet consumer needs and distribute oil more effectively than other competitors, rather than unfair business practices. Justice John Marshall Harlan objected to the adoption of the rule of reason, highlighting that it is opposed to the Sherman Act banning any contract that restrained trade directly. This raised a concern about the interpretation of the language and how the judicial decisions were based on the meaning and scope. The rule of reason, introduced in the Standard Oil decision, was met with criticism from both progressives, who argued that it weakened the Sherman Act and business leaders also feared the ambiguity it introduced, leading to a question of whether the breakup of Standard Oil was beneficial is a matter of some controversy. Also, from an economic perspective, this may reduce the market efficiency as without clear antitrust guidelines, this encourages the potential monopolistic firms to persist, leading to higher prices and reduced consumer choices. Moreover, this legal uncertainty could cause the large corporations to exploit the legal loopholes, delaying antitrust actions and reflecting a broader tension in competition policy. Building upon this historical context, critics of antitrust enforcement indicate that while these interventions curb monopolistic dominance, they occasionally disrupt market equilibrium and produce unforeseen economic disruptions (Weinberger, 2018).

Conversely, the argument for dissolving companies of great concentration of economic power is rooted in concerns about the restoration of competitive markets because large firms could acquire the competitors or use predatory pricing to drive new entries out of business. By breaking up these companies, new and smaller businesses have greater opportunities to flourish in innovation and enhance business investment. Moreover, the antitrust law could limit the large firms' undue influence over politics and the potential erosion of democratic principles. Large corporations often hold a greater proportion of financial resources, undeniably, there is a possibility that allowing them to engage in lobbying, campaign financing, and other political activities that serve their own interest compared to the general public. When businesses exercise such power, they may control the politics, advocating for legislation and decisions that are obviously intended to benefit their own sake. Large firms might influence lawmakers to ensure that the regulations benefit their economic interests, resulting in tax breaks, subsidies, deregulation, and other measures. Small businesses and individual citizens often lack the same influence level and access, leading to a political system that disproportionately serves overall corporate interests. This convergence of corporate and political power jeopardies democrats' principles and economic equality, at the same time, promoting economic mobility.

Hence, carrying out competition law has emerged as a popular approach to subdue corporate monopoly control to boost market fairness. Unfortunately, many scholars might misunderstand the quiddity of market competition, leading to research that lacks practical impact. A closer examination of some papers written by top academics from reputable institutions raises concern if there is sufficient cognisance of the economic impacts of antitrust legislation. This is because many of the publications focus primarily on legal definition and theoretical interpretation rather than real-world economic implications. This creates a gap in the academic discourse as there is the absence in the discussion about whether such regulations contribute to a healthy, functional economy. Moreover, a substantial portion of this academic literature only explained the laws in a single country. While making some recommendations to the legislature about how to safeguard competition, they often lack a comparative global perspective that could offer deeper insights into the effectiveness of different antitrust approaches. Without cross-country analysis, it is difficult to assess whether certain antitrust policies are universally beneficial to the global economy or produce varying outcomes depending on the country's conditions. Additionally, some scholars discussed data protection, which does not, in all respects, fall within the ambit of competition law. This further limits the depth of economic analysis in antitrust research. As a result, the current articles often emphasise legal frameworks without linking them to their broader economic consequences. Addressing these shortcomings requires a more comprehensive approach that bridges the gap between legal studies and economic impact, confirming that the competition law is assessed not just in terms of legal intent, but also effective in economic development and market efficiency.

This study closes a significant gap by emphasising the importance of understanding the competition law's economic effects, arguing that the economic consequences of these laws vary depending on the enforcement mechanism and the specific statutory provisions. Also, non-discriminatorily investigate the genuine consequences of antitrust law, examining solely the effectiveness of a single economy in the performance of competition law enforcement is subject to more limitations because this approach often overlooks the complexities found in different legal systems. In contrast, a more comprehensive, scrupulous assessment of different countries' antitrust policies and the consequences resulting from them with considerable attention to the identification of other independent variables provides a more convincing answer as to which solutions would lead to the most satisfying end. Therefore, the research objective of this paper is to compare antitrust regulations between two selected countries and discover links between these legal variations and their economic performance. Both countries are commonly known for their dominant roles in the global economy and substantial influence over international trade. Examining these two major economies allows us to analyse whether stricter or more lenient antitrust enforcement leads to better economic outcomes. It is also imperative to mention that for this paper alone, we use the terms "antitrust law" and "competition law" synonymously, and they will be assessed as the same concept.

2. Review of existing literature

2.1 Literature Review

This literature review aims to explore and evaluate existing articles related to the impact of competition law on various economic aspects. During the past decades, several methodologies have been proposed to measure the economic effect to ensure quality control and external accountability. Given the contrasting findings from various scholars, this literature review focuses on the analysis of the economic effects of antitrust law, acknowledging that studies might have been conducted in cross-nations.

Wang (2025) has overviewed the dilemma of antitrust law in China and proposed a regulatory approach should be led by a government agency in order to overcome the core reasons, including imbalance between plaintiff and defendant, delay comedies and the limited capacity of the court, which lie the structural deficiencies in the judicial system. The study questions the viability of government or court centre enforcement and compares the pros and cons of private enforcement.

The appropriate framework for measuring the economic effect, either from social welfare or consumer welfare is an ongoing debate because consumer welfare primarily emphasises efficiency and market outcomes that directly benefit individuals as a consumer, while social welfare offers a broader perspective and takes account of wider societal factors. Studies including Niels and Van Dijk (2008) suggest that economic efficiency should come first in assessing competition policy and tend to recall the idea that focusing on consumer welfare may be a suitable tactic in maximising social welfare. Similarly, Kaplow & Shavell (2002) urged that the objective of competition law should be to continuously improve the economic welfare of society by increasing the output of goods and services that can be produced with available resources. The use of competitive market processes has proven an effective way to achieve this objective, both in China and elsewhere.

Given that, the goal, scope, and nature of a country's competition policy does not fully depend on economic theory individually and significantly related to the underlying industrial organization and regulatory structure of the country and is to a large extent determined by the perception of the role of competition by the country's political and economic culture. Based on Sappington and Sidak (2003), China's current regulatory structure, administrative monopolies are seen as posing a far more significant problem to China's burgeoning market economy than monopolies created by private enterprises. Owen, Sun, & Zheng (2005) review China's continuing efforts to enact a competition policy (antitrust) law and identify the likely effects of this law given China's unique history, cultural heritage and economic aspect. The study indicates that key industries in China such as oil and gas, banking and railroads remain mostly state-owned, leading to the potential challenges of abusing regulatory power in order to achieve monopoly and gain greater profit. Additionally, the study proposed that, several antitrust rules in China, such as Provisional Rules for Prevention of Monopoly Pricing 2003 and Provisional Rules for Mergers and Acquisitions of Domestic Enterprises does not clearly define how relevant the market is defined or how the inference of market dominance can be actually made. Most of the China competition law is unclear and further clarification is needed. Moreover, Zheng (2010) advises that although most prices have been liberalized, the government still maintains price controls over certain key products. The SOEs, although now generally responsive to market signals, are still not true profit-maximizing commercial entities. In terms of market structure, China's decentralized industrial structure prior to the start of economic reforms and the further decentralization of China's industries in the reform era have led to generally low market concentration ratios in China.

Articles such as Don, Kemp, and Van Sinderen (2008) and Sabbatini (2008) argued that antitrust actions benefit the economy, though they could have concentrated more on case studies while deploying calculation models to measure the effectiveness of competition law. Don, Kemp, and Van Sinderen (2008) recognized that legislatures are putting an emphasis on the economic implications of their policies and conducting surveys considering the quality of competition law enforcement. Also, Sabbatini (2008) provides insight into the practical experience of the Italian Competition Authority, shedding light on the complexities of enforcing competition law in the real world by discussing two cases of formula baby milk and fresh milk and illustrating how the behaviour of companies and consumers may hold surprises for the authority. An ex- post assessment is conducted to check the quality of the analysis applied to past decisions and the effectiveness of the eventual measure imposed by the ICA. The finding demonstrated a price increase due to the coordinated effect, suggesting that the ICA may fail to detect the risk of collusion and possible mistakes that occur in the decision process. The study proposed improving antitrust evaluations by broadening market delineation.

Similarly, using a panel dataset of over 100 countries and 7 years from 2005-2011, Minago (2013) employed a fixed effects instrumental variable approach to estimate the impact of competition on economic development, and determine which of the comprehensive policy factors are the most relevant for increasing competition. The result indicates a significant relationship between effectiveness of antimonopoly policy and squared years of experience handling competition law. Factors including political stability, macroeconomic environment and financial market development have contributed to higher economic development. The paper also recommended that economic policies that promote competition should go beyond antitrust laws, and an economy with fierce competition is deemed indispensable if governments of developing countries want better "macroeconomic development" and less turmoil. Besides, Kerber (2007) studied the effectiveness of competition in promoting efficiency and contributed insights between economic and legal scholars about the goal of the competition law. The study suggests that discussion on the normative foundations of competition law is not well developed and sought to ascertain the motives for introducing competition law, claiming that making progress in economic efficiency and welfare standards are not the most predominant factors but the preference base of consumers instead.

In contrast, studies such as Joseph Schumpeter (1942) and Cohen and Levin (1942) implied the benefit of monopolies, highlighting that monopolistic companies would perform far superior to smaller counterparts because concentration of economic power enjoys the capacity to capitalize on limited resources to bring about innovation. However, the studies suggest that the monopolization of a particular market might slow down technological development, resulting in allocative inefficiency and higher prices. Besides, there is also some criticism of antitrust law. For instance, DiLorenzo (2005) argued that the Sherman Act was first intended to satisfy the outrageous demands of the petitioners rather than to promote competition because many of the regulations were endorsed by competing firms of the supposed monopolies. Also, historian Sanford Gordan (1963) made conclusions from his public attitude survey, asserting that antitrust agencies were backed by special interest groups. Furthermore, Armentano (1982) reviewed fifty-five of the most prominent federal antitrust lawsuits, and indicated that companies were penalized illegitimately as all of them were just involved in lowering prices, increasing output, and contributing to innovation, arguing that authorities could not accept the fact that some companies will prevail over others in a competitive market while launching lawsuits to the detriment of consumers.

By overviewing current studies including Dilorenzo (2005) and Armentano (2007), it becomes evident that their primary focus lies on single countries' examples and this narrow scope often lack a comprehensive and accurate review of antitrust laws in other jurisdictions, limiting the generalizability of their findings. Besides, some articles such as Konings, Cayseele, and Warzyinski (2001) did not incorporate all price-influencing factors of a price system. This omission raises concerns about the completeness and robustness of the analysis. By neglecting to account for all relevant price-influencing variables, these studies may produce conclusions that do not fully reflect the complexities of market changes and the oversight will underscore the importance of a holistic approach when evaluating antitrust issues and market competition. Moreover, Minago (2013) faced a significant challenge in ensuring the study employing data from institutions with undermined credibility and adopting overgeneralized and oversimplified data could negatively impact the accuracy of estimation because of institutional bias and fragmentized data. The study does not extensively provide cogent arguments of why a calculation approach previously applied in other papers is employed for different studies, which leads to questions considering the legitimacy of the research tool adopted by the researcher. Additionally, papers including Don, Kemp and Van Sinderen (2008), exhibit significant deficiencies in their treatment of foundational background information. Such oversights raise concerns about the presence of bias, which may have influenced the credibility of the analysis. The inclusion of distorted historical narratives could cast doubt on the objectivity of the research.

2.2 Theory Discussion

2.2.1. The Monopoly Theory

The monopoly theory suggests a business practice in which a single seller or producer obtains a dominant position in an industry and underscores the behaviours and consequences of this market structure when one dominant producer gains ownership of factors of production, output, and market rates. Due to high barriers, regulation control or other related reasons, a monopoly emerges. Monopoly can disadvantage consumer welfare by reducing production to push up the prices of goods and services. Apparently, this theory has become popular in the field of economics, and even steadfast free-market advocates, like Milton Friedman and George Stigler, were once rooting for government action to promote competition because any well- intentioned, rational economist is likely going to submit that competition, which promotes efficiency and low prices (Friedman, 1999).

Some modern monopoly theorists have been seeking to fill the gaps in Cournot, while others have been more concerned with gaps in the work of Marshall. Friedman (1982) states that Cournot's model has provided a systematic approach to undertaking oligopolistic markets, assuming that the competing firms choose a quantity to produce independently and simultaneously, and they cannot collude or form a cartel. The model produces logical results with prices and quantities that are between monopolistic levels (low output, high price) and competitive levels (high output, low price). It also yields a stable Nash equilibrium, an outcome from which neither player would like to deviate unilaterally. Yet, Cournot had left much undone. For instance, even though the development of game theory, particularly Nash equilibrium, has enriched the Cournot Model, the theory lies in its assumption of static, non-collaborative behaviour among firms (Huck, Normann, & Oechssler, 1999). The modern monopoly theory has sought this by including the potential collusion across firms. Besides, another limitation is Cournot unable to identify the product differentiation and non-price competition. The modern monopoly theorist has expanded the dimension, to offer a more comprehensive understanding of how monopolistic firms sustain their market power. While Cournot's model focused on the supply side, Marshall (1890) emphasised the demand and price elasticity perspective and with respect to monopoly, Marshall accepted the general view that a monopoly was any firm able to "fix an artificial monopoly price; that is, a price determined with little direct reference to the cost of production, but chiefly by a consideration of what the market will bear". He defined monopoly profit in much the same way it is defined in contemporary economics (McKenzie, & Lee, 2008). However, one gap in Marshall's work is the definition of time and innovation. While Marshal introduces the concept of short run and long run, the analysis largely assumes static technological conditions. The modern economist, inspired by Schumpeterian ideas, has incorporated the innovation process into the understanding of monopolistic behaviours.

Moreover, the monopoly theory faced limitations and misconceptions when applied in the case. While monopoly theory posits that, monopoly creates barriers to entry, a close analysis reveals that government regulations are the predominant causes of new businesses getting smothered in an economy. Also, the theoreticians have ignored that previous monopolies had not stifled production, raised prices, and undermined consumers. When this theory is utilized for practice, its lack of nuance and accuracy has led to impediments to fair business because authorities could not even define the scope of a market. In some instances, although a company is taking over the market of goods and services, which receives attention from authorities; the authentic market share is much lower if the number of substitutes is considered in the calculation (Drakić, 2007; Hicks, 1935).

2.2.2. The Efficiency Theory

The efficiency theory suggests that the monopolization of a market allows limited resources to be allocated by a single dominant seller, resulting in allocative, productive, and dynamic inefficiencies. Allocative efficiency occurs when resources are distributed in a way that maximises social welfare and ensures that resources are used so that their marginal benefit to society is equal to their marginal cost and all goods and services meet the needs and wants of society. When this condition is violated, consumers might over or under-consume the good relative to what is socially optimum. Consequently, monopolies will abuse their market power by raising prices and restricting trade. Allocative efficiency is often compromised in monopolistic markets because by setting price above marginal cost, a deadweight loss occurs and leads to market failure. In a monopolistic market, the monopolist maximises profits by setting a price higher than marginal cost ($P > MC$), resulting in the monopolist's control over supply and lack of competitive pressure and allocative inefficiencies. Moreover, when the price exceeds marginal cost, consumers who purchased the goods at a competitive price would be excluded from the market and the unconsumed units represent a loss of potential welfare, leading to deadweight loss, where the potential gains from trade are foregone.

Considering the economic relationship in the following equation,

$$MUx/\ MUy\ =\ Px/Py\ >\ MCx\ /\ MCy$$

whereas MUx and MUy represent the marginal utilities of goods x and y respectively, px and py are the prices of goods x and y, and mc stands for the marginal cost for goods x and y. The inequality shown in equation 3.1 indicates that consumers could allocate their spending inefficiently under monopoly pricing and purchase less of good x because its price is literally inflated. Eventually, this demonstrated a loss of allocative efficiency as there is a gap between the produced and consumed in terms of marginal benefits and marginal cost (Waterson, 1993).

For productive efficiency, the firm can no longer produce additional amounts of a good without lowering the production level of another product, which occurs on the production possibility frontier. In production efficiency, maximum capacity is achieved in which all resources are being fully utilized to generate the most cost-efficient product possible. To the detriment of productive efficiency, the lack of rivalry allows inefficiencies to persist because the firm does not experience the external pressure which drives them to adopt cost-effective strategies. Also, unlike firms in competitive markets, the monopolists are not required to operate at maximum efficiency to remain viable. This lack of discipline often leads to X-inefficiency, which refers to the concept of inefficiency that arises when firms fail to maximize their potential output due to poor management and the production costs are higher than the given output. Without competition threatening its market share or profitability, monopolies tolerate X-inefficiencies. For instance, the monopolist may allow excess production capacity, maintain the organisation structures and employ unnecessary workers without experiencing financial strain.

However, Schumpeter (1942) believed that monopolies have the ability and resources available to bring about innovation and progress as monopolies have access to substantial profit which allows them to reinvest in business expansion. The financial ability enhances them to improve production methods and invest in research and development. Another advantage is monopolies can establish dedicated research and invest in cutting-edge equipment. Moreover, monopolies are better positioned to absorb the risks associated with innovation. Friedman (1999) proposed that private monopolies will remain incentivized in product quality improvement to keep themselves competitive and maintain their position in the market, resulting in high allocative, productive, and dynamic efficiency. The consequences surmised by the theories might occur in reality, though they are also transitory because consumers can quickly change their preference base, if a monopoly is so improvident that it raises prices due to mistaken identity, ludicrously thinking that they actually "monopolized" the whole market.

2.2.3. Contestable Market Theory

The theoretical foundation of both regulatory and antitrust activity has traditionally relied heavily on the economic concept of a perfectly contestable market. This concept proposes that an oligopolistic or monopolistic industry can be perfectly contestable if it is characterised by freedom of entry and exit, which are the attributes of perfect competition. Rather than focusing solely on the number of firms operating in the market, the theory emphasizes the conditions under which competition can occur. Apart from barriers to entry and exit, the absence of sunk costs is considered a critical prerequisite for perfect contestability. Sunk costs refer to investments made by firms that cannot be recovered upon exit. Studies include Bain (1982) and Sylos-labini (1962) claims that a contestable market is equal to a market without sunk cost as an earlier investment of the amount of capital during entry is violated with the requirement of perfect contestability that absolutely costless exit be possible.

Building upon this foundational understanding, it is essential to examine the practical implications of a contestable market. As there are several dimensions, this paper will primarily focus on the definition of a contestable market that centres on the barriers of entry and exit perspective. This is because markets with substantial entry barriers cannot be contested because the entry barriers would enable monopolistic pricing and profits to persist as it helps existing firms to prevent potential competitors. In other words, without these barriers, any attempt to maintain high prices and profits would be quickly undermined by the new entrants attracted by the profit. Thus, freedom of entry and exit are the key requirements of contestability. Brock (1983) states that a perfectly contestable market refers to a market with the foregoing characteristics of frictionless reversible entry and equal access to technology.

Furthermore, contestable market theory suggests that conventional regulatory methods may not be required and government intervention is unnecessary if the industry behaves as contestable. Most of the benefits of perfect competition can be obtained when the threat of new entrants is sufficient to force the incumbent firms to operate efficiently and avoid exploiting consumers (Bailey, & Baumol, 1983). This theoretical perspective implies that, under certain conditions, markets can self-regulate through the disciplining effect of potential competition.

However, some argue that government intervention plays a crucial role in determining the level of barriers to entry and market competitiveness. The role of government becomes particularly significant in addressing structural and regulatory barriers that impede market entry. For example, as businesses tend to relocate to corporate-friendly regions with minimal regulation, which allows greater freedom and competitiveness, if the government starts imposing heavy penalties on companies for violating unreasonable regulations; this tends to discourage companies from participating, making it more burdensome for anyone who wants to engage in the market process. In addition, Hazlitt (1946) contends that government intervention, particularly through public credit, may result in favouritism and a lack of entrepreneurial expertise. This could undermine the market's natural selection process, where a private bank which is motivated by profit allocates resources more efficiently than a government program. When resources are directed toward inexperienced or poorly managed firms, the result can be substandard goods, increasing the risk of business failure and unemployment. The finding has underscored the potential pitfalls of public credit systems in the context of contestable markets and public credit can inadvertently increase exit costs for private enterprises, encompass the financial burdens associated with leaving a market, and discourage firms from entering industries, thereby diminishing contestability. For a further exposition of Hazlitt's theories, public credit is likely to build up exit costs for private enterprises and would have an incredibly high chance of corporate failures (Begović, 2017).

2.3 Countries Concerned

The inclusion of the United States and China in this research is based on their significant role in the global economy and their distinct approach on antitrust law and competition regulation. The development of antitrust law in both countries is complicated due to a lack of consensus and uncertainty. In the United States, it has taken nearly a century to arrive at the solution to the problem of monopolistic practices, while China is still in the process of crafting its own approach. Literally, the United States antitrust doctrine could act as a guideline for other nations, as well as international bodies in measuring and regulating monopoly power. Moreover, many papers only concern the legitimacy and effectiveness of competition law in one country or multiple "capitalist" countries, which might overlook the nuanced difference when making comparisons between two countries with contrasting economic systems and values. This study intends to bridge the gap by exploring the interplay of competition laws in two countries with fundamentally different economic ideologies and regulatory frameworks.

For many years, the United States antitrust policy was shaped more by political and moral considerations rather than economic analysis, leading to inconsistencies in the enforcement and legal decision that sometimes-hindered competition. The first significant piece of anti-monopoly legislation in the United States was the Sherman Antitrust Act

1890, which restricted companies from engaging in activities that restrained trade or commerce, such as price-fixing. However, the application and enforcement of the Sherman Act were initially unclear and struggled to define what constituted an illegal monopoly. The interpretation of the Sherman Antitrust Act has discussion about its primary objectives. River H. Bork argued that Congress designed the Sherman Act to protect consumer welfare by ensuring the markets functioned competitively, rather than in the interests of small competitors. Under this approach, mergers and business practices are acceptable as long as it does not harm consumer welfare. The Court's interpretation of the Sherman Act made it a good tool for targeting multistate cartels but less useful for combating monopolisation. For instance, the Addyston Pipe & Steel Co. v. The United States case involves an association of six Tennessee pipe manufacturers who had agreed not to bid against one another on certain projects to ensure that one designated pipe manufacturer would win the contract. This agreement was considered a form of collusion and the court found it to be in violation of the Sherman Antitrust Act. The manufacturer's actions were deemed to have restrained competition and manipulated the bidding process to their advantage which undermined the free market principle. The court's decision held that such anti-competitive behaviour was illegal under the United States antitrust law. While the court's ruling in Addyson was clear, the Supreme Court did not explicitly endorse a " rule of reason", which was formally established in the Standard Oil case.

Over the century, the crisis frequently contended that the Sherman Act failed to address anti-competitive conduct, prompting successive amendments to the United States antitrust framework because the Sherman Act and subsequent U.S. antitrust laws were intended as much as a political constraint on the power of big business as a system of rational economic regulation. Hence, given the complexities, it is unsurprising that United States antitrust policy has frequently been subjected to criticism, particularly for the inefficiencies and unintended economic consequences. However, the historical evolution of antitrust policy demonstrated the ongoing debate over the role of government in market regulation. Even though there is imperfection in US antitrust policy, the enforcement perspective shifted over time has increased the role of antitrust policy in regulating corporate behaviour and ensuring a competitive market. The tension between promoting competition and allowing firms to achieve economies of scale without excessive regulatory constraints has led to varying degrees of intervention across the industry and the complexity has fuelled ongoing discussion on the effectiveness of antitrust measures, particularly considering the growing influence of large multinational companies.

Over the years, the United States has gained prominence and taken legal action, evident in antitrust lawsuits against the most influential and affluent companies in respective fields, aiming to promote fair market practices. These antitrust measures have sparked extensive debate on the economic and social impacts of competition law as private enterprises play an indispensable role in the American economy, and analysing the tension between private sector growth and government intervention allows researchers to draw deductions from the available data on economic performance. What is more, the United States is the largest economy with vibrant large companies that are participating in the market process. The economy is considerable in size partly because of investments, mergers, or other corporate practices. Given this economic landscape, the strong performance of some American companies is no astonishment, and it is pretty noteworthy to investigate the effects of competition law on global trade and how trade policies, like tariffs, quotas, and embargoes, can significantly impact domestic markets. Additionally, the unique intersection between politics and regulation in the legal system in the US raises questions about impartiality. On one hand, antitrust law focuses on preventing unfair business practices that could harm consumers through inflating prices. In contrast, excessive government intervention restricts innovation and business investment, reducing the incentives for businesses to scale. Achieving a balance between regulation and economic freedom is a key concern for policymakers. Beyond economic considerations, the connection of politics and regulation in the U.S. legal system introduces another layer of complexities. Unlike some countries, the American political landscape allows private companies to actively lobby politicians, endorse candidates, fund campaigns and seek favours. This raises concern about the possibility of federal agencies being leveraged to favour special interest groups or target corporate rivals. The influence of corporate lobbying on antitrust enforcement is evident in high-profile cases where powerful companies sought to sway public policy in their favour and underscores the fairness of antitrust law. Hence, the economic prominence, historical evolution and challenges make the United States a critical reference point and ideal case to be selected as the focus of the study.

On the other hand, the China government plays a central role in determining the allocation of resources and directing the economy. The Chinese economy is remarkably sophisticated in which both private and state-owned enterprises are contending for limited resources, and admittedly, the state-owned enterprises have a safety net and less stake in the outcome because they can be bailed out by the taxpayers unknowingly. Eventually, China implemented the economic reform programme in 1978, including the promotion of entrepreneurialism, encouraging the privatisation and introduction of market-based principles. However, these firms operated under a centrally planned system, where production targets, quotes and other economic goals were determined by the government rather than the market forces. Instead, their primary purpose was to fulfil government directives, ensuring the production levels met the productivity plan. Until the late 20th century, the economic reform encouraged the decentralisation of economic decision-making, allowing the market forces to play a greater role in determining the production and distribution. This action integrated China's economy into the global trading system, at the same time, increasing the market competition. Apart from the benefits of improvements in efficiency and innovation, this transition was not without its challenges. The rapid introduction of market-driven competition has led to aggressive business expansion, raising the pressures on new entry firms to survive under such economic conditions (Owen, Sun, & Zheng, 2017).

To prevent excessive competition, China adopted an Anti-unfair competition law aimed at overcoming certain kinds of competition due to the emerging of economic reforms. This law was a key step in addressing some of the business competition issues and soon, it became clear to China's government to establish a comprehensive regulatory regime governing competition. Recognising the growing need for broader antitrust regulation, the Chinese government introduced anti-monopoly law in August 2007. When an anti-monopoly law was enacted in China, their industrial structure promoted decentralisation. National economy was not suited to a competition-oriented agenda, with industries being replicated across Chinese districts and provinces. This fragmentation causes low market concentration and ratios and economies of scale, resulting in the economic conditions not particularly friendly to a competition-oriented agenda. Despite the years of market-oriented development, various government entry barriers, both obvious and subtle, have been imposed as obstacles for private firms to enter the market and creating significant challenges for new businesses.

The aforementioned economic conditions have made it difficult for China to pursue a truly competition-oriented antitrust agenda. In this context, rather than other countries with a single bill that governs market competition, China takes a segmented approach, enacting separate laws to address anti-competitive conduct and abuse of market power, respectively. These laws do not punish firms based on their size but outline specific conditions of the test required to establish unlawful corporate practices. Any corporation engaging in anti-competitive behaviour, regardless of size, is held liable under Chinese competition law. Furthermore, some scholars have acknowledged that the companies found liable for anti-competitive conduct and market power abuse are primarily foreign or controlled by foreign capital. Many precedents of antitrust investigations of domestic companies were preliminary, which did not lead to significant penalties. This unconventional approach to tackling monopolies should attract solid attention to the economic consequences because not many jurisdictions enforce competition law in such a protectionist fashion.

Substantially, in the process of shaping competition policy, China could potentially face the risk of not conforming its competition policy regime to a single unitary system of multilateral norms because of national interest and economic structure. One of the primary reasons is, different from the United States or other developed nations, China conducted an unique economic model that blends market forces with state control. The Chinese government plays a significant role in guiding economic development through industrial policy, while also tending to ensure that markets function efficiently. This approach often leads to a different interpretation of what constitutes anti-competitive behaviours and how it should be regulated. This could influence how monopolies are treated because, in certain circumstances, the state wants complete control over strategic industries and convert the firms into state-owned monopoly enterprises. In the case of state-owned enterprise (SOE), the government may prioritise firm's stability and growth, potentially overlooking the competition principle that would harm these entities.

Moreover, competition policies often reflect a country's historical context. Historically, China had a state-controlled economy where the government regulated most aspects of business and trade and only moved towards a more market-oriented approach in recent decades, leaving a significant portion of state influence. The historical differences between China and other nationals make competition policy in China have a dual focus of ensuring markets operate efficiently and protecting national enterprise in key sectors, meaning that China's competition policy cannot easily match with global norms. Also, without an universally accepted framework for competition policy, each country has developed its own regulations and enforcement mechanism based on its legal system and economic needs. The absence of a single global anti-competition system encourages a cross-comparison between the United States and China to understand the effectiveness of anti-trust in achieving the intended purpose of the law. Since both countries represent two of the world's largest economies and have significant global influence, the differing philosophies underlying their respective competition policies could provide valuable insights into broader economic frameworks.

2.4 Dependent and Independent Variables

The dependent variable of this paper is the Consumer Price Index, which is expressed as a percentage. The Consumer Price Index measures change over time in the prices paid by consumers for a representative basket of goods and services and this paper applied the consumer price index to measure economic performances of competition law enforcement as this index provides a reflection of purchasing power. It is suggested in this paper that comparing the CPI is indispensable because it largely reflects price changes the consumers must endure and offers insight on economic stability (Diewert, 2002). This study will select different timelines to observe whether a reduction in a company's economic power will lead to a favourable outcome by comparing the prices before, during, and after the implementation of antitrust laws. In addition, our research will discuss different countries and periods to offer a broader perspective on the impact of antitrust regulation, so it is vital to be aware that the base year for CPI measurements might vary. However, it is still a sensible approach to investigate the benefits and harms of competition law on consumers.

The independent variable will cover certain aspects, including the implementation of antitrust laws, and the time spent on antitrust litigations. The implementation of antitrust laws is used to identify the existence, extent, and intensity of antitrust legislation in a jurisdiction and how its enforcement shows changes in market structure and economic outcomes, including CPI. For instance, Global Competition Review or World Bank competition policy indexes could be used to grade the countries based on how robust their legislations are. The indexes would likely assign numerical values to countries depending on the year that the legislation was passed, if the legislations are global best practice, and the scope of practices that the legislations cover. Effective antitrust enforcement can be able to hold prices up by inducing competition that makes firms lower prices and innovate. Evidence has illustrated that proactive enforcement has the tendency of being associated with less inflationary pressure, especially in sectors previously dominated by a few large corporations. For the time spent on antitrust, it can reflect the level of regulatory enforcement in a particular market. Longer time may signal issues like monopolistic practices are more prevalent. This research will theoretically evaluate the law itself and also cite and analyse empirical statistics to examine the defensibility and viability of different presumptions. Antitrust law has been frequently employed by authorities to challenge large trusts and monopolies.

Government's position themselves as trusted arbiters, claiming to act in the best interest of the consumer welfare, but further inspections are necessary to achieve authenticity and impartiality. It is imperative to be more nuanced and objective to reveal the trends and relationships between the law and economic performances resulting from the implementation by observing whether large companies and their disbanding can significantly impact price changes. For instance, the disbandment of a large corporation could lead to short-term problems, including supply chain inefficiencies, leading to a higher cost for consumers. Conversely, in the long-term, increased competition might drive innovation, efficiency and lower prices.

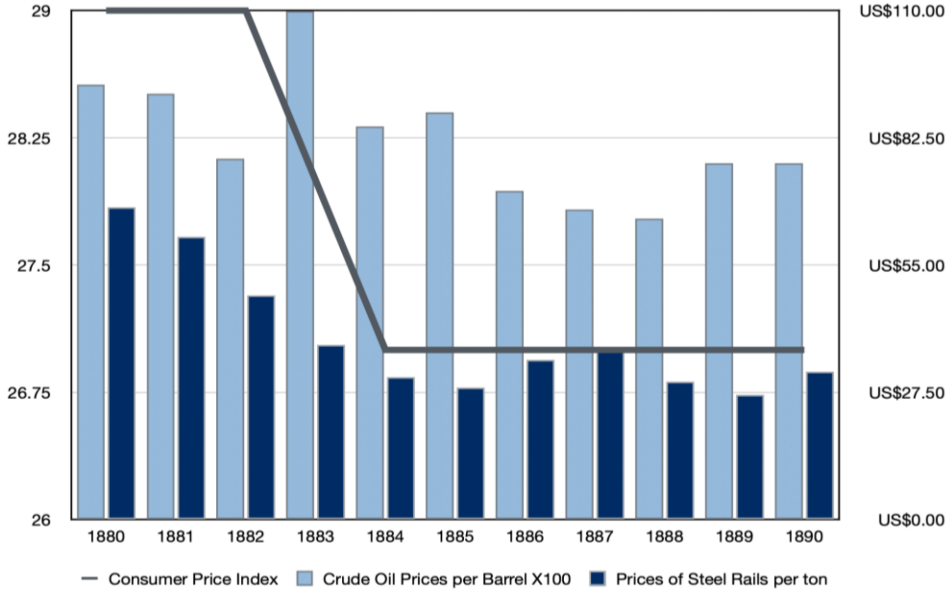
3. Case Studies and Comparisons

Case Study 1: The United States

This study propounds that the precise observation of the price change throughout a spree of antitrust, a series of antitrust litigations can give us valuable insight as to whether antitrust law can reduce prices and increase production because of higher competition intensity. If price declines and production rises, it would indicate that enforcing antitrust laws effectively promotes competition. Conversely, if price increases, this could suggest inefficiencies, unintended consequences or other limitations.

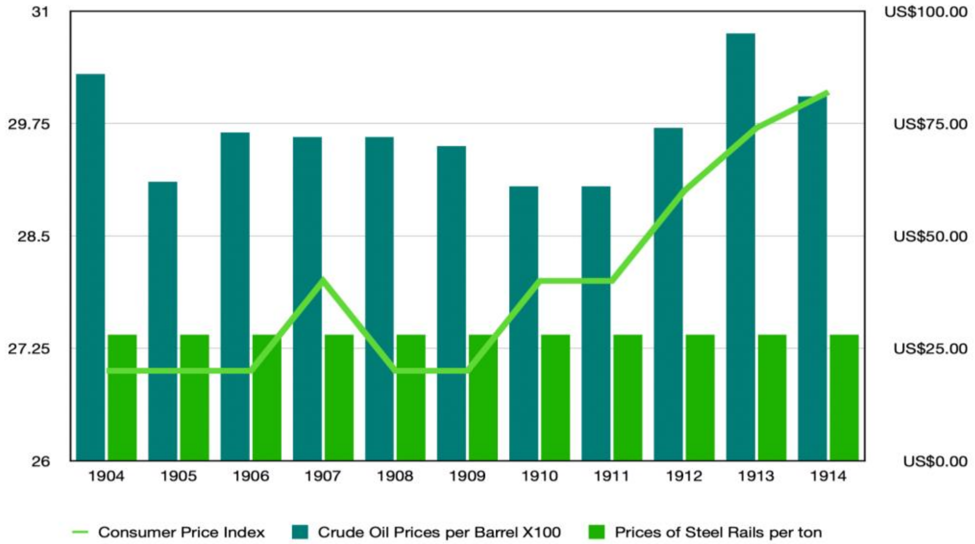
Figure 3.1 provides an overview of the national CPI, oil prices, and steel prices during the period 1880-1890. This period is significant as it culminated in 1890 with the enactment of the Sherman Antitrust Act by the US Congress. The CPI is illustrated as a line graph, while oil and steel prices are expressed as bar charts. The inclusion of oil and steel prices is particularly noteworthy because these industries were dominated by The reason for demonstrating the prices of oil and steel is that these industries were allegedly monopolized by John D. Rockefeller and Andrew Carnegie respectively, who are the key figures accused of monopolistic practices during the era. Beyond their historical significance, steel and oil were essential components of the late 19th and early 20th century industrial economy in the United States. Steel was essential for building, expanding railroads, and developing infrastructure, while oil was essential not only for heating and lighting but also for transportation and manufacturing activities. These industries influenced national trade and labour markets in addition to driving economic growth. Even now, changes in the price of steel and oil can have a significant impact on global supply chains, industrial productivity, and inflation, among other macroeconomic factors. Thus, monitoring pricing changes in these two sectors offers valuable information about how antitrust actions might impact consumer costs and general market behaviour. The data reveals a substantial decline in the CPI and the prices of commodities produced by trusts. This trend occurred despite the absence of national antitrust laws, as only localized regulations existed at the time and those trusts operated on a national scale. Therefore, it is well evident that before the introduction of national antitrust legislation, consumers were already experiencing the plummeting prices of goods produced by large trusts. Hence, the assertion that large trusts are abusing their market power by raising prices and suggests that the legislature should authorize the government to protect consumers by breaking down trusts is groundless.

Figure 3.1 CPI and The Trusts' Prices between 1880 - 1890 (Before Major Antitrust Lawsuits and the Disbanding of Large Trusts)



Source: The Federal Reserve Bank of Minneapolis, The Federal Reserve of St. Louis, and the US Energy Information Administrative.

Figure 3.2 CPI and The Trusts' Prices between 1904 - 1914 (Before Major Antitrust Lawsuits and the Disbanding of Large Trusts)



Source: The Federal Reserve Bank of Minneapolis, The Federal Reserve of St. Louis, and the US Energy Information Administrative.

After analysing the market performance before the enactment of the act, it is equally important to examine the changes after the enforcement of antitrust law. This provides a clearer understanding of the law's impact on the economy. The scope of this research encompassed data on the CPI from 1890 to 1914, a critical period for assessing antitrust legislation. However, a notable limitation is the prices of refined sugar are absent from the congressional records. If such data were accessible, it would give us critical information to comprehensively assess competition law because the US Supreme Court ruled against the government. Notwithstanding this setback, the investigation of this period, 1904-1914, is sufficient to make an appraisal because both Carnegie and Rockefeller underwent the dissolution of their companies during that time. These actions marked a pivotal shift in the government's approach to regulating large-scale industrial trusts.

Despite the high oil prices in 1904 (0.86 dollars per barrel), the price level fell again to a staggeringly low figure of 0.60 dollars per barrel until the court dissolved Standard Oil in 1911. Given the surge in CPI and oil prices (after 1911), we can bring about the verdict that not only did it not the legislature have grounds to break down those trusts, but they somehow also contributed to the price increases after major litigations to an extent, regardless of the magnitude of it. On the other hand, steel rails prices remained uniform, and this could be attributable to government price controls and the Hepburn Act, which means it could limit the ability of market forces and no longer reflect the ramifications of antitrust law on consumers.

Case Study 2: China

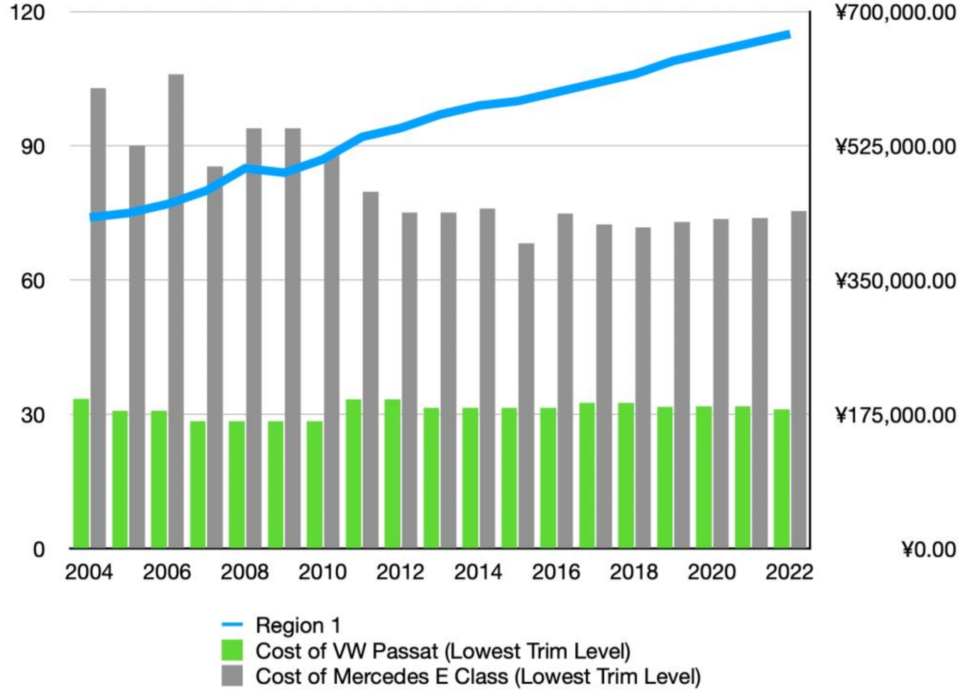
China's antitrust legislation became effective in 2008, marking a significant shift in the regulatory system. Before the implementation, the market operated with minimal intervention regarding anti-competitive practices. Thus, the statistics between 2004 and 2008 serve as a baseline to evaluate the economy before antitrust actions. As CPI is an indicator of inflation and purchasing power, the changes in CPI could display the economic trend of the country before and after the introduction of anti-competitive legislation.

According to the Federal Reserve of St. Louis, the CPI has been increasing ever since, despite the meagre drop in 2008. The focus on China's auto industry is particularly noteworthy due to its extensive contribution to the country's national economy. Automobile manufacturing, being one of the largest and most integrated industries in China, has extensive upstream and downstream linkages affecting numerous industries such as steel, electronics, energy, and logistics. Automobile manufacturing also provides jobs for millions of people in manufacturing, sales, repair services, and finance. With this wide economic effect, changes in market behaviour in the auto sector can have measurable effects on consumer price levels and broader macroeconomic trends, including the CPI. The Antitrust enforcement in China has provided Chinese regulatory agencies with the power to penalize anti-competitive behaviour, with a particular emphasis on large auto companies. Between 2010 and 2015, China has imposed huge fines on international carmakers such as Volkswagen and Mercedes for "anti-competitive conduct" and "consumer-degrading practices." Mercedes, for example, was fined for colluding with dealerships and repair shops to fix minimum prices for cars as well as repair work. These enforcement efforts are significant particularly because car prices have the potential to directly affect household consumption capacity as well as inflation levels. Therefore, studying this industry enables us to assess the impact of antitrust enforcement on market structure, price developments, and ultimately economic well-being.

Despite the fine imposed, China did not shut down the division of these large companies, still allowing them to continue with their operation in China. This decision reflects a more balanced approach to enforcement, as the punitive measures coexist with the efforts to maintain market stability. One notable outcome is that both Mercedes and Volkswagen were reducing their prices, though they were already consistently executing that even before antitrust existed. However, this raises questions about the direct impact of antitrust enforcement on pricing strategies. Undoubtedly, antitrust enforcement could contribute to shaping a fairer market environment, but the price reductions could also be attributed to several factors such as technological advancement, and market competition, rather than solely to regulatory practice. Since our paper mainly focuses on the influence of antitrust law as it works on a broader economic ecosystem, the other potential related factors would be left aside.

According to Figure 3.3, in most of the, the CPI steadily increased except for a slight slowdown which is observable in 2009, coinciding with the global financial crisis and appears to be a temporary issue as the upward trend resumed shortly after. This indicates persistent inflationary pressures in Region 1, reflecting a rising cost. The cost of the Volkswagen Passat (lowest trim level) remains relatively stable across the period, with minor fluctuations. This stability suggests a degree of price consistency, possibly supported by the production efficiencies or competitive strategies. The price of the Mercedes E-class exhibits a noticeable fluctuation, suggesting that it could be the adjustments in response to market dynamics or regulatory influence. From Figure 3.3, we can't conclude a significant correlation between the CPI and prices of cars, proposing the existence of external market forces such as regulatory enforcement, which influences the prices of cars. Also, the pricing of the Mercedes E-class changes highlighted that antitrust policies have effectively prevented the brand from exploiting its premium market position to disproportionately increase price. Similarly, the pricing strategy of Volkswagen also reflects the role of antitrust enforcement. In summary, the implementation of anti-competitive practices can create an environment where manufacturers compete on innovation and efficiency rather than collusion.

Figure 3.3 Chinese CPI and the Trust Prices (2004 -2022)



Source: The Federal Reserve of St. Louis and Auto home.

The implementation of antitrust laws in China and the United States demonstrates a significant difference in both approaches and the outcomes of such enforcement. The United States has historically been aggressive in dismantling monopoly structures through lengthy legal battles, most famously in the early 20th century with cases like the breakup of Standard Oil and AT&T. The economic data in the figure above show that legislation alone does not necessarily translate into consumer price benefits. During 1880 to 1890, the oil and steel industries in the United States were controlled by trusts before any national antitrust law was enforced. The falling of prices undermines the argument that monopolies automatically raise consumer prices. While China, on the other hand, would reasonably impose financial penalties without participating in costly legal battles and does not dismantle companies to ban commerce. Moreover, the chances of getting scathed by company-extirpating rulings for domestic companies are low. The Chinese government takes a protective stance on domestic companies, encouraging price cuts and increased production to enhance market competitiveness and consumer welfare. Companies engaging in practices detrimental to consumers may face discipline, reflecting the Chinese government's approach that prioritizes public interest. According to the collected data, previously punished companies were still allowed to engage in China if they offered long-term contributions and consumer affordability. In contrast, the United States exhibits a markedly different approach to antitrust enforcement, particularly in wrecking companies to the benefit of special interest groups. Not surprisingly, prices increased after lawsuits in the early 20th century, as no one could exploit the economies of scale better than large trusts. Additionally, the time spent on antitrust litigation could harm economic efficiency. For instance, U.S. antitrust litigations are lengthy, costly, and historically resulted in disbanding firms that previously kept prices low through economies of scale. After major lawsuits (e.g., Standard Oil), prices rose, contradicting the premise that antitrust action necessarily benefits consumers. In summary, the US intended goal is to protect consumer interest, the enforcement of antitrust law in the United States has not significantly benefited American consumers, as they prioritise market competition over economic efficiency and may be counter to the intended goals of antitrust legislation. Furthermore, rather than enhancing market conditions for the public; the antitrust lawsuits often serve political interests or placate rival companies. Therefore, it may be unproductive to interpret competition rigidly as an end in itself, rather than as a means to improve consumer welfare. Conversely, the Chinese government illustrates a more measured regulatory intervention minimises market disruption and does not significantly impact the prices of goods and services. The focus remains on sustaining productive capacity and supporting long-term economic development.

4. Summary and Conclusions

Data availability is a critical limitation in the study of antitrust law because antitrust law seeks to promote fair competition and prevent monopolistic practices. Understanding these issues requires robust and reliable data on market structure, firms' behaviours and consumer outcomes to back up arguments and hypotheses. The lack of such data creates challenges in evaluating the effectiveness of existing regulations and proposing informed policy changes. For example, the data unavailability of price changes of refined sugar created obstacles to extensively appraising the legitimacy of the Sherman Act because the US Supreme Court ruled against the government, and therefore, it is of great significance to find out if the court decision negatively impacted the consumers. Also, the incomplete and inconsistent data makes the study difficult to provide a comprehensive picture of the market dynamics before and after the implementation of antitrust law. Other challenges arise when examining the antitrust efforts in China, primarily due to lack of media attention and limited research. Historically, Chinese regulatory agencies focused heavily on imposing harsh penalties on foreign motor companies and car dealerships, but this area has not garnered significant public interest. The scarcity of legal analysis and statistical data resulted in the limited transparency and failure to demonstrate insights into the economic implications of competition law.

When examining the comparison between the United States and China antitrust law, future researchers must recognize the risk of inaccurate impressions associated with misinterpreting historical events and legal frameworks. As antitrust regulations deeply lie in a country's different aspects, including politics and economics, making them subject to constant evolution. As such, scholars must approach the study of antitrust law with a nuanced understanding of how these laws function within the broader economic landscape. To achieve this, the scholars could employ the empirical method to examine the diverse perspectives on antitrust cases, providing a more data-driven and objective assessment of their economic consequences. As antitrust law often involves complex interactions between economic policies, business practice and market dynamics, an empirical approach provides a structured framework to malaise these complex issues, leading to a more robust conclusion. Rather than relying on theoretical assumptions, researchers can use data to evaluate whether regulatory interventions, such as breaking up monopolies or blocking monopolies, have enhanced competition, reduced prices, or improved consumer welfare, with the quantified outcomes.

In summary, antitrust law has become a debated issue and has recently received a considerable amount of worldwide attention. The monopoly practice has been widespread in many countries, and this phenomenon has driven researchers to spend more time and effort searching for the root causes of rising high market concentration. The findings suggest that the competition law enforcement of the United States even epitomized a negative relationship between the enforcement of antitrust laws and the economic ramifications on consumers. In addition, the economic outcomes depend on different antitrust penalties the authorities decide to impose. A remarkable difference is that modern antitrust efforts no longer involve shutting down successful businesses by coercion. Therefore, it would be too overgeneralizing to make the verdict, suggesting that antitrust laws sabotage acceptable trade or vice versa. The application of the theoretical framework helps to understand the mechanisms driving market behaviour and regulatory impacts. It allows the study to explore hypothetical scenarios and analyse the outcomes under different regulatory approaches. The results contribute to the existing study and policymakers by guiding the effective implementation of antitrust law and addressing the market gaps.

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