Antitrust legislation in the usa

Law

Antitrust Legislation in the USA

Antitrust Legislation is essential in ensuring a private/free market. This is because the main aim of antitrust legislation is to identify instances where one market player has immense market power to the point where they control and manipulate the market to gain abnormal profits and limit access into the given market or industry. A good example is the antitrust case against Microsoft. The 2001 US antitrust law case against Microsoft was triggered by the fact that Microsoft was growing at an exponential rate, amassing great wealth, resources and power[Car01]. Microsoft's tight grip and control in the market made Microsoft executives want more control beyond its industry to control a new and emerging industry. The company had employed predatory strategies to ensure that other market players cannot operate freely without considerably favoring Microsoft.

In identifying instances of antitrust violations, the Free Trade Commission (FTC) is responsible for determining whether a given market player has, either intentionally or unintentionally, manipulated the market to either mitigate or limit entry of competitors into the market[Hyl03]. The FTC has the duty of quantifying to what extent the given market player has violated the freedom of entry into the market. FTC controls this by regulating the issuance of patents and enforcing the legality of these patents.

The Stark Act prevents antitrust within healthcare by ensuring that physician referrals of certain DHS (Designated Health Services) for Medicaid and Medicare patients cannot be executed if, and only if the physician in question, or an immediate or close relative of the physician has a vested financial affiliation with the patient in question.[Les11] This ensures that physicians cannot refer one patient from one medical institution to another if they stand to gain financially. Similarly, the Anti-Kickback law has made it illegal to refer a patient to another Medicaid or Medicare covered services and receiving financial compensation

In conclusion, the main aim of antitrust legislation is to identify instances where one market player has immense market power to the point where they control and manipulate the market to gain abnormal profits and limit access into the given market or industry. The FTC has the duty of quantifying to what extent the given market player has violated the freedom of entry into the market.

References

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