

The anti trust legislation

Law



This practice has come to an end by the enacting and executing this act. In the 20th century, President Theodore Roosevelt and his successor President William Howard Taft responded to public criticism over the rapid merger of industries by pursuing more vigorous legal action, and steady prosecution. This brought the downfall of monopoly in the manufacturing resulting in price fall. The Clayton law in 1914 declared price discrimination, tying and exclusive dealing contracts, corporate mergers, and interlocking directorates as illegal but not criminal. The Robinson-Patman Act, passed by US congress in 1936 explicitly forbade forms of price discrimination, in order to protect small producers from extinction due to competition. From 1937 to 1940 Roosevelt's effort to cope with economic decline brought federal antitrust enforcement back. After that Congress added its last piece of important legislation in 1950 with the Celler-Kefauver anti-merger act. This made the businesses unable to target the assets of the rivals also in addition to the previous forbidding of anti-competitive stock purchases. A loophole was plugged. In a decisive departure from the previous decade's rulings, the Court abandoned its hostility towards efficiency. It was in the early 1980s in the case of American Telephone and Telegraph (AT&T) (United States v. American Telephone & Telegraph Co.), the Justice Department settled claims that AT&T had impeded competition in long-distance telephone service and telecommunications equipment. The result was the largest division in history as a federal court severed the Bell System's operating companies and manufacturing arm (Western Electric) from AT&T and thus transforming the nation's telephone services. But on the contrary, the administration of President Ronald Reagan made mergers of companies into conglomerates and on the other hand, looked on favorably. As a result, the years 1984 and <https://assignbuster.com/the-anti-trust-legislation/>

1985 produced the greatest increase in corporate acquisitions in the nation's history. But After that, the administration of President George Bush adopted a slightly more activist approach, which reflected in joint guidelines on mergers issued in 1992 by the FTC and the Justice Department. Next under President Clinton, the most important antitrust action involved a federal probe of the computer software giant Microsoft Corporation. In its potential for far-reaching action, this can be termed as the biggest antitrust case since those involving AT&T and IBM. When the past cases were of regarding the monopoly of the companies due to mergers and acquisitions, the present case was a clear cut case of the fight of incompetence over competency. Competitors complained that Microsoft used illegal arrangements with buyers to ensure that its disk operating system would be installed in nearly 80 percent of the world's computers. Taking the threat of Federal suit into consideration in mid-1994, Microsoft entered a consent decree designed to increase competitors' access to the market. All the parties involved the original complainants, Micro-soft, and government-expressed relative satisfaction. But in early 1995, a federal judge rejected the agreement, citing evidence of other monopolistic practices by Microsoft. Microsoft was sued in 1998 in the court of District of Columbia for its monopoly practices by combining windows operating system and IE (internet explorer) web browser. The district court not taking into consideration the other companies' inability in combining operating system and web browser ordered a split it Microsoft into two entities, of which one has to manufacture the OS and the 2nd to produce the web browser along with other software. But when Microsoft appealed it in Supreme Court it referred the case to the federal appeals court. There it was settled that Microsoft should share its application <https://assignbuster.com/the-anti-trust-legislation/>

programming interfaces with third-party companies and must appoint a panel of three people who will have full access to Microsoft's systems, records, and source code for five years in order to ensure compliance. This episode is termed as unjustified by many critics as there was no case of mergers, acquisitions, and the situation of monopoly arisen due to the incompetence of the competitor companies. The only allegation that can be considered fair under antitrust law is that the Micro Soft threatened its customers of revoking the license if they use the products of its competitors. But it was not proved. Many criticize that the case was formed due to the collusion of the competitors of Microsoft with US Government agencies. This can be termed as one and only one case that was against the letter and spirit of the antitrust act that was enacted for the common good of people.