The Antitrust Laws

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The Antitrust Division enforces federal antitrust and competition laws. These laws prohibit anticompetitive conduct and mergers that deprive American consumers, taxpayers, and workers of the benefits of competition.

The Sherman Antitrust Act

This law prohibits conspiracies that unreasonably restrain trade. Under the Sherman Act, agreements among competitors to fix prices or wages, rig bids, or allocate customers, workers, or markets, are criminal violations. Other agreements such as exclusive contracts that reduce competition may also violate the Sherman Antitrust Act and are subject to civil enforcement.

The Sherman Act also makes it illegal to monopolize, conspire to monopolize, or attempt to monopolize a market for products or services. An unlawful monopoly exists when one firm has market power for a product or service, and it has obtained or maintained that market power, not through competition on the merits, but because the firm has suppressed competition by engaging in anticompetitive conduct. Monopolization offenses may be prosecuted criminally or civilly.

The Clayton Act

This law aims to promote fair competition and prevent unfair business practices that could harm consumers. It prohibits certain actions that might restrict competition, like tying agreements, predatory pricing, and mergers that could lessen competition.

An illegal **merger** occurs when two companies join together in a way that may substantially lessen competition or tend to create a monopoly in a relevant market. This reduction in competition can harm consumers by potentially leading to higher prices or fewer choices for products or services. It can also harm workers by potentially leading to lower wages or fewer choices for employment.

An illegal **tying agreement** happens when a company forces customers to buy one product (the tying product) in order to purchase another product (the tied product). The two products are bundled or “tied” together, which gives the tying agreement its name. This practice restricts a customer’s choice and can limit competition. In a fair marketplace, business compete on price and on how good their products are. If an illegal tying arrangement is in place, a seller can use its strong market power on a popular product to force customers to buy a second, lesser product.

Predatory pricing is when a company sets its prices very low, often below cost, to drive competitors out of business. Once the competition is gone, the company can raise prices because it has less or no competition left. This practice harms competition and, in the long run, it can result in higher prices for consumers and lower wages for workers.

The Clayton Act also prohibits an individual from sitting on **boards of competing corporations**. This illegal practice can lessen the competitive vigor that would otherwise exist between truly independent rivals. By sharing a board member, the two companies might synchronize pricing changes, labor negotiations, and more.

The goal of the Clayton Act is to maintain a fair marketplace where various companies can compete, giving consumers more options and better prices, and giving workers a fair market for their labor. This law also protects individuals and small business from being unfairly treated by larger companies. Overall, it works to keep markets competitive and ensure that businesses play fair.

Related Offenses

The Antitrust Division also enforces other federal laws to fight illegal activities that arise from anticompetitive conduct, which includes offenses that impact the integrity of an antitrust or related investigation. Examples include: conspiracies to defraud the United States, mail and wire fraud, money laundering, kickbacks, false statements to Federal agents, perjury, and obstruction of justice, and bribery, among other crimes.

Read more about the activities of the Antitrust Division:

- Price Fixing, Bid Rigging and Market Allocation Schemes: What They Are and What to Look For

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