

The Significance of American Antitrust Policy in Reduction of Global Market Concentration

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Abstract

In the conducted generalization about the issues for evolution of views on perfect competition and, accordingly, antitrust policy, the tendency of a significant reduction in market concentration in the world is emphasized, which is associated with the reasonable antitrust policy of the modern USA. The author, using the methodology of the laws of physics, recommends maximum observance of the atomic balance in the core of market competition and proposes optimization of a freer tax burden on corporate profits and personal income. The race for growth of quantitative indicators of competitors led to a decrease in qualitative results and significant losses from overproduction. The work analyzes and identifies the possible reasons for excessive market concentration in detailed subcategories of even the most developed market. According to the author's conclusion, this was the reasonable antitrust policy that determined the best optimal rates of economic growth and taxes among the most promising economies.

Keywords: antitrust policy, world economy, American government, market concentration, perfect competition

1. To Introduction

Undoubtedly, competition is the main driving force of the economy, but the history of the world economy has shown that without reasonable antitrust policy, the global market has often been largely under the pressure of secret monopolies and political dictatorships.

Naturally, absolutely perfect competition is an idealized understanding of competition, but we must strive to define, achieve and protect the maximum approximation to the above-mentioned reasonable understanding of

perfect competition.

Logically, to implement publication plans, we have studied the achievements of classical and modern science in the study of competition issues (Smith, A., 2008; Arrow, Kenneth J. & Debreu, Gerard, 1954; Bork, Robert H., 1993; Gordon, Jason, 2022; Gretskey, Neil E, Ostroy, Joseph M & Zame, William R., 1999; Groenewegen, Peter, 2011; Majaski, Christina, n.d.; Makowski, Louis, & Joseph M. Ostroy, 2001; Marshall, A., 1920; McNulty, P. J., 1967; Novshek, W., & H. Sonnenschein, 1987; Porter,

M.E., 2008; Roberts, J., 1987; Stigler, J. G., 1987) and to this we have considered the relevant international antitrust practice on the assessment methods of possible freedom for effective competition and taxes (U.S. Department of Justice: Antitrust Division, n.d.; Statista, 2022; International Monetary Fund, n.d.; Mario Mariniello, 2014; OECD, 2022a; OECD, 2022b).

Accordingly, on the example of antitrust reforms and measures to maintain economic freedom and optimize market concentration of the modern American Government, a special relevance of further improvement of the competitive environment by monitoring the market core and preventing overestimation of the tax burden on business appeared on the front agenda.

2. What Is the Most Perfect Competition for Improving Antitrust Policy?

It is strange, but in understanding of perfect economic competition, we were helped by the theory of physics about the strength of electric current and the equilibrium structure of opposing forces in the atom.

Consequently, we came to the conclusion that for the best “shine” of perfect competition, it is necessary to have a natural (not excessive) number of competitors and an approximate equilibrium in the core of the market between the first and second competitors. The core of the market has been observed before, but the need for a rough balance between the main competitors is our innovation. To our great happiness, it was American scientists at Harvard University and the global encyclopedia Wikipedia who appreciated our views.

For our part, we have always especially appreciated the contribution of the US Antitrust Policy and their current reforms with published new data have exceeded all expectations. As is known, the American Government evaluates market concentration using the Herfindahl-Hirschman Index (HHI) through the Antitrust Division in the Department of Justice. As we have noticed, namely this index has fallen significantly for 1988-2020 (from 1,597.75 to 444.38) on the global market (Figure 1), which is a very progressive phenomenon and the role of the modern USA in this is indescribably great.

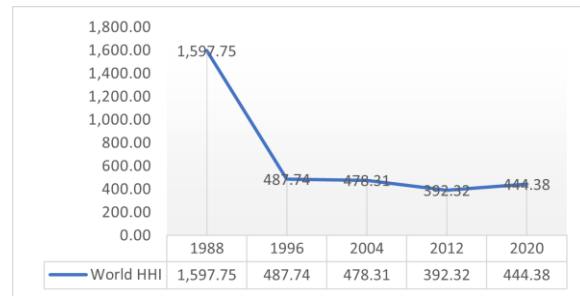


Figure 1. The general trend towards a favorable decrease of the global HHI in 1988-2020

Source: Annual Herfindahl-Hirschman Index market concentration score worldwide from 1988 to 2020. Update time - Sep 29, 2025. <https://www.statista.com/statistics/1339418/herfindahl-hirschman-index-worldwide/>

In our opinion, targeted antitrust policy is the main reason why the United States has significantly outpaced such developed major competitive economies as Canada, the United Kingdom, the European Area and Japan in economic growth. According to the newest 2024 data of Real GDP, the United States surpassed the European Area by 2 percentage points, and Japan even by 3 percentage points (Figure 2).

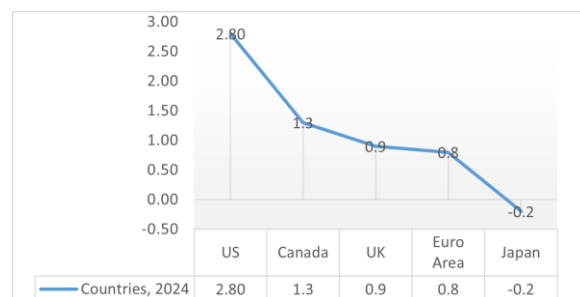


Figure 2. Annual percent change of Real GDP by Advanced Economies

Source: IMF: World Economic Outlook Growth Projections. Update time - Sep 29, 2025. <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

In the EU manufacturing, the main antitrust risks still appear to be super-concentrated markets (Figure 3) such as tobacco (HHI is 3074), sugar (2230), rubber products (1429), beer (1301), weapons and ammunition (1259), etc. Based on this, we consider it expedient to urgently improve antimonopoly measures in the

European market, which will also have a positive impact on economic growth.



Figure 3. Antitrust risk as Tobacco and other Market concentration in EU manufacturing

Source: Antitrust risk in EU manufacturing: A sector-level ranking. Update time – Sep 29, 2025. <https://www.bruegel.org/working-paper/antitrust-risk-eu-manufacturing-sector-level-ranking>

3. Recommendations for Conclusion

Competitiveness assessment plays a significant role in achieving the most perfect environment of economic competition, but it is also important to pursue a reasonable fiscal policy so as not to cause unnecessary pressure on business.

We consider the efforts of the modern American Government to maintain the most optimal level of taxes on corporate profits – 1.8% of GDP (Figure 4) and personal income – 12.52% of GDP (Figure 5) to be exemplary.

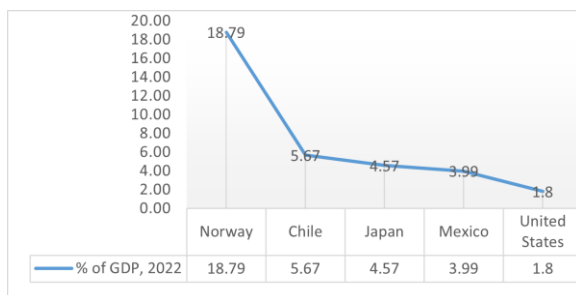


Figure 4. Business freedom by Tax on corporate profits

Source: Tax on corporate profits: 2022, Update time – Sep 29, 2025. <https://www.oecd.org/en/data/indicators/tax-on-corporate-profits.html>

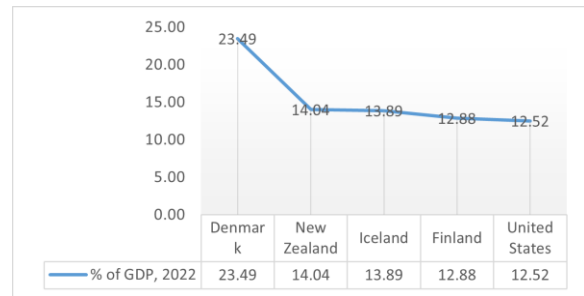


Figure 5. Economic Freedom by Tax on personal income

Source: Tax on personal income: 2022, Update time – Sep 29, 2025. <https://www.oecd.org/en/data/indicators/tax-on-personal-income.html>

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JEL: A10; A11; D41; F68; G38.

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