

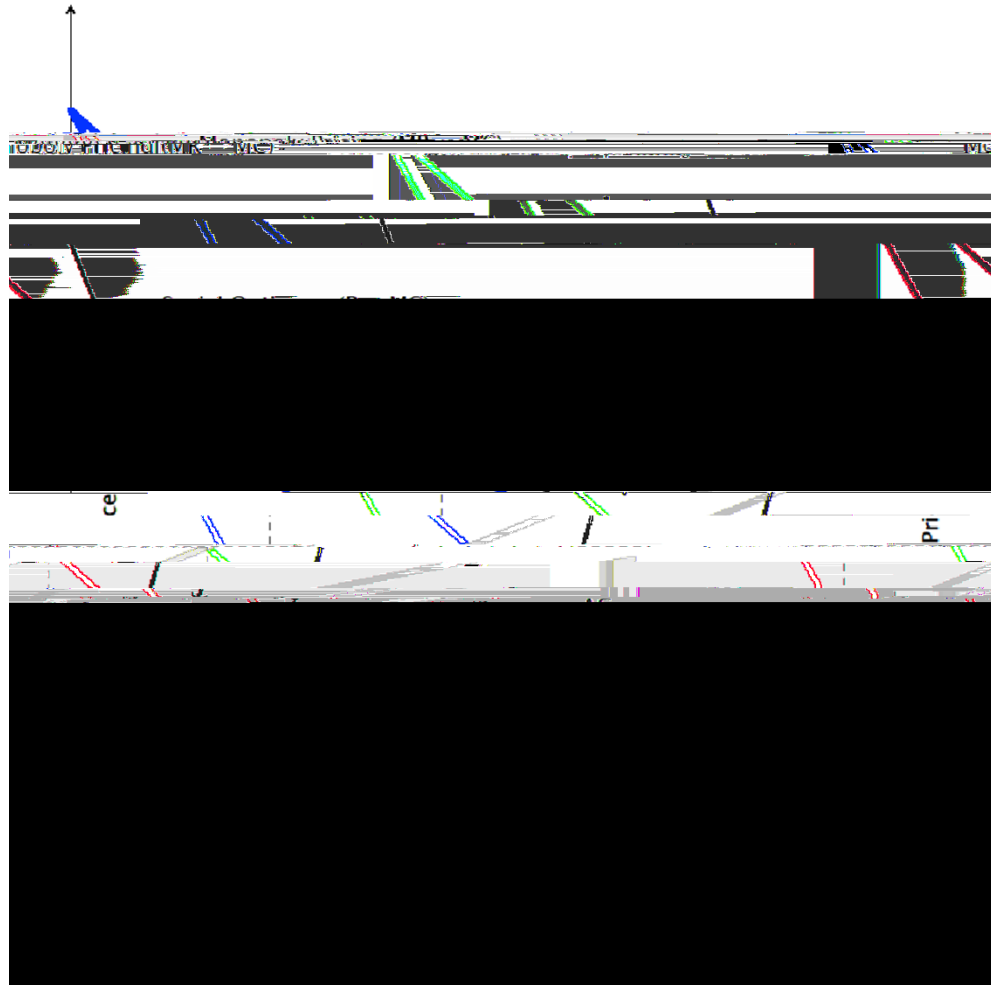
Natural selection?

- Assumption: When a firm attracts a new customer, it gets the average of

Join the queue.

- Merit goods and bads
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- Two sided markets and multiproduct firms.
 - Inefficient price
- Innovation
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- Complements and externalities.
 - Reduced pollution is not a cartel defense
(Brennan, 1983)

New notation, please.



AC { private marginal cost (PMC)

MC { social marginal cost (SMC)

Potential Responses

- Abandon competition.
- Ignore the issue because its too hard or would lead to mischief.
- Appeal to a policy division of labor.
 - Taxes and subsidies.
 - Command and control.
- Ignore the issue because Congress decided we don't care...



Who cares about total surplus?

- Clayton §7 prohibits an acquisition for which “the effect of such acquisition may be substantially