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Joe "Teddy Roosevelt" *Biden?*

By Ruben Maximiano

Capitalism without competition is not capitalism.

Not every sitting U.S. president invites comparisons with a Roosevelt, let alone two members of that storied family. Since taking office just over a year ago, Joe Biden has frequently been likened to President Franklin Delano Roosevelt, who introduced the New Deal in the 1930s, because of the boldness and scope of his economic agenda. But Biden may have more in common with America's first President Roosevelt—Theodore, or "Teddy"—whose economic agenda is remembered for its embrace of the then-novel tool of competition law in the first decade of the twentieth century.

Biden's most recent Teddy Roosevelt moment came at the start of this year, when his administration announced that it would spend $1 billion in post-pandemic economic recovery funds to boost competition in the U.S. meatpacking sector—an industry in which the White House says four firms control 85 percent of all beef processing and 70 percent of the pork market. The administration's move against the industry's giants comes against the backdrop of soaring food prices and a rapid rise in overall U.S. inflation, and is aimed at bringing new players into the meat-processing chain in the hope that stiffer competition will help to tame price increases.

Whatever the outcome, it was an audacious move that should be understood less as overweening intervention against capitalist market mechanisms and more as an attempt to support those mechanisms. Such interventions to correct market

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failures have become bolder and more frequent during the Covid-19 pandemic, with governments everywhere adopting a "whatever it takes" attitude and spending almost $17 trillion so far to get through the crisis.

The bill for this unavoidable largesse will inevitably come due, requiring razor-sharp policymaking to mitigate adverse effects. But if a greater role for the state is the price to pay for saving the economy, it will have been worth it if governments use this moment to restore the competitive energy that has been sapped from the economy in recent decades.

During the pandemic, as under Teddy Roosevelt's presidency, a robust defense of market competition has required decisive government action. In Roosevelt's day, this paved the way for the emergence of a large middle class in the United States. Over the past year, as the pandemic has exposed inefficiencies throughout the economy, a renewed appreciation of the links between competition, wealth generation and distribution, and economic performance has rapidly gained traction among U.S. and other global policymakers.

Notably, Biden appointed competition law experts (and Big Tech critics) Lina Khan and Tim Wu to chair the Federal Trade Commission and serve on the president's National Economic Council, respectively. And last July, the president issued an executive order to promote competition, mandating seventy-two initiatives, involving a dozen federal agencies, to tackle a range of challenges.

Some say competition problems have manifested themselves partly through higher inflation, some of which has been attributed to companies taking advantage of their dominance of highly concentrated markets. But as the pandemic has demonstrated, insufficient competition has also increased the fragility of supply chains—an issue that Biden's recent meat-industry initiative is designed to address.

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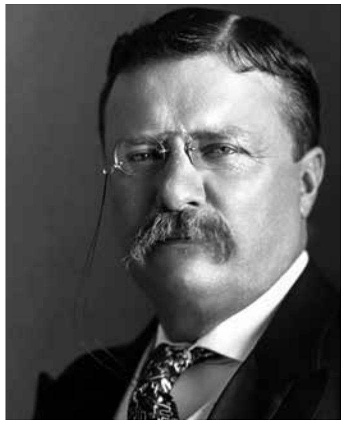
Without assertive competition policy and enforcement, such market failures—in the United States and elsewhere—will persist and potentially get worse as the post-pandemic recovery takes hold and the much-hoped-for green economic transition gathers pace. And despite battling the longstanding assumption that competition occurs spontaneously, antitrust authorities in America and around the world have been dogged in their pursuit of anticompetitive conduct. But competition policy can and must play a more decisive role in the way that economies are run and markets are managed.



President Joe Biden has frequently been likened to FDR because of the boldness and scope of his economic agenda. But Biden may have more in common with **Teddy Roosevelt,** *whose economic agenda is remembered for its embrace of the then-novel tool of competition law in the first decade of the twentieth century.*

The Biden administration's intervention in the meat industry points to a possible way forward. Far from going it alone, the FTC—which, along with the Department of Justice, traditionally oversees U.S. competition policy—is working closely with the U.S. Department of Agriculture on fostering competition and the entry of new players into the sector.

More generally, competition authorities, with their in-depth understanding of market dynamics, must have a place at the policymaking table. And they must be granted genuine opportunities—at least as many as industry lobbyists often receive—to share their expertise.

Competition policy is not the only foil against the outsize power of market-dominant enterprises; trade policy also has a vital role to play. But actively promoting and preserving robust competition is critical to ensuring that markets deliver on their promise of lower prices, expanded choice, increasingly innovative products and services, and, ultimately, greater prosperity.

The alternative is diminished choice and greater inefficiency. As incumbent heavyweights with their focus on short-term shareholder returns squeeze out smaller challengers, they will stifle innovation—potentially fueling higher inflation.

The media frequently refers to competition authorities, like other regulators, as "watchdogs." If governments are to ensure that capitalism functions properly—as they must, given that market economies are neither self-sustaining nor self-policing—those authorities must also become "guide dogs," ensuring that policymaking remains geared toward pragmatic competition and increased prosperity.

After all, as Teddy Roosevelt knew, and as Biden also recognizes, capitalism without competition is not capitalism. ◆