# Be Afraid of Economic ‘Bigness.’ Be Very Afraid.

In the 1930s it contributed to the rise of fascism. Alarmingly, we are experimenting again with a monopolized economy.

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In the aftermath of the Second World War, an urgent question presented itself: How can we prevent the rise of fascism from happening again? If over the years that question became one of mostly historical interest, it has again become pressing, with the growing success of populist, nationalist and even neofascist movements all around the world.

Common answers to the question stress the importance of a free press, the rule of law, stable government, robust civic institutions and common decency. But as undoubtedly important as these factors are, we too often overlook something else: the threat to democracy posed by monopoly and excessive corporate concentration — what the Supreme Court justice Louis Brandeis called the “curse of bigness.” We must not forget the economic origins of fascism, lest we risk repeating the most calamitous error of the 20th century.

Postwar observers like Senator Harley M. Kilgore of West Virginia argued that the German economic structure, which was dominated by monopolies and cartels, was essential to Hitler’s consolidation of power. Germany at the time, Mr. Kilgore explained, "built up a great series of industrial monopolies in steel, rubber, coal and other materials. The monopolies soon got control of Germany, brought Hitler to power and forced virtually the whole world into war."

To suggest that any one cause accounted for the rise of fascism goes too far, for the Great Depression, anti-Semitism, the fear of communism and weak political institutions were also to blame. But as writers like Diarmuid Jeffreys and Daniel Crane have detailed, extreme economic concentration does create conditions ripe for dictatorship.

It is a story that should sound uncomfortably familiar: An economic crisis yields widespread economic suffering, feeding an appetite for a nationalistic and extremist leader. The leader rides to power promising a return to national greatness, deliverance from economic suffering and the defeat of enemies foreign and domestic (including big business). Yet in reality, the leader seeks alliances with large enterprises and the great monopolies, so long as they obey him, for each has something the other wants: He gets their loyalty, and they avoid democratic accountability.

There are many differences between the situation in 1930s and our predicament today. But given what we know, it is hard to avoid the conclusion that we are conducting a dangerous economic and political experiment: We have chosen to weaken the laws — the antitrust laws — that are meant to resist the concentration of economic power in the United States and around the world.

From a political perspective, we have recklessly chosen to tolerate global monopolies and oligopolies in finance, media, airlines, telecommunications and elsewhere, to say nothing of the growing size and power of the major technology platforms. In doing so, we have cast aside the safeguards that were supposed to protect democracy against a dangerous marriage of private and public power.

Unfortunately, there are abundant signs that we are suffering the consequences, both in the United States and elsewhere. There is a reason that extremist, populist leaders like Jair Bolsonaro of Brazil, Xi Jinping of China and Viktor Orban of

Hungary have taken center stage, all following some version of the same script. And here in the United States, we have witnessed the anger borne of ordinary citizens who have lost almost any influence over economic policy — and by extension, their lives. The middle class has no political influence over their stagnant wages, tax policy, the price of essential goods or health care. This powerlessness is brewing a powerful feeling of outrage.

After the fall of the Third Reich, the Allies broke up the major Nazi monopolies specifically so that they could not be "used by Germany as instruments of political or economic aggression," in the words of the law used to do so. The United States took its medicine, too: In 1950, Congress passed the Anti-Merger Act of 1950 to curb politically and economically dangerous concentrations. It empowered the Justice Department and Federal Trade Commission to block or undo mergers when the effect was "substantially to lessen competition or to tend to create a monopoly."

It would be understandable if you assumed that the Anti-Merger Act of 1950 had been repealed. But in fact it remains on the books. It has merely been evaded, eroded and enfeebled by the corroding effect of decades of industry pressure and ideological drift, yielding hesitant enforcers and a hostile judiciary. Consequently, over the last two decades we have allowed successive waves of mergers that make a mockery of the 1950 law, and have concentrated economic power in ways that are dangerous to the polity.

In recent years, we have allowed unhealthy consolidations of hospitals and the pharmaceutical industry; accepted an extraordinarily concentrated banking industry, despite its repeated misfeasance; failed to prevent firms like Facebook from buying up their most effective competitors; allowed AT&T to reconsolidate after a well-deserved breakup in the 1980s; and the list goes on. Over the last two decades, more than 75 percent of United States industries have experienced an increase in concentration, while United States public markets have lost almost 50 percent of their publicly traded firms.

There is a direct link between concentration and the distortion of democratic process. As any undergraduate political science major could tell you, the more concentrated an industry — the fewer members it has — the easier it is to cooperate to achieve its political goals. A group like the middle class is hopelessly disorganized and has limited influence in Congress. But concentrated industries, like the pharmaceutical industry, find it easy to organize to take from the public for their own benefit. Consider the law preventing Medicare from negotiating for lower drug prices: That particular lobbying project cost the industry more than $100 million — but it returns some $15 billion a year in higher payments for its products.

We need to figure out how the classic antidote to bigness — the antitrust and other antimonopoly laws — might be recovered and updated to address the specific challenges of our time. For a start, Congress should pass a new Anti-Merger Act reasserting that it meant what it said in 1950, and create new levels of scrutiny for mega-mergers like the proposed union of T-Mobile and Sprint.

But we also need judges who better understand the political as well as economic goals of antitrust. We need prosecutors willing to bring big cases with the courage of trustbusters like Theodore Roosevelt, who brought to heel the empires of J.P. Morgan and John D. Rockefeller, and with the economic sophistication of the men and women who challenged AT&T and Microsoft in the 1980s and 1990s. Europe needs to do its part as well, blocking more mergers, especially those like Bayer's recent acquisition of Monsanto that threaten to put entire global industries in just a few hands.

The United States seems to constantly forget its own traditions, to forget what this country at its best stands for. We forget that America pioneered a kind of law — antitrust — that in the words of Roosevelt would "teach the masters of the biggest corporations in the land that they were not, and would not be permitted to regard themselves as, above the law." We have forgotten that antitrust law had more than an economic goal, that it was meant fundamentally as a kind of constitutional safeguard, a check against the political dangers of unaccountable private power.

As the lawyer and consumer advocate Robert Pitofsky warned in 1979, we must not forget the economic origins of totalitarianism, that "massively concentrated economic power, or state intervention induced by that level of concentration, is incompatible with liberal, constitutional democracy."

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