Federal Antitrust Bills Would Cost Consumers and Business Users Billions

National Economic Research Associates (NERA) conducted the first comprehensive economic analysis of the costs and benefits of antitrust bills in Congress led by Sen. Amy Klobuchar and Rep. David Cicilline. The bills would require covered platforms to divest, discontinue or fundamentally restructure numerous service offerings, one of which includes Amazon Prime.

Key costs of the bills:

$22 BILLION

NERA measured the effects of the loss of services from Amazon Prime and found a consumer loss of up to $22 billion per year. This effectively costs each Amazon Prime subscriber $148 per year at a time of record inflation. Impacts to other online services would further increase the magnitude of harms to consumers.

$319 BILLION

The bills would impose an economic cost of $319 billion and result in higher retail prices and the loss of free and valued services. The costs would be borne by the consumers and business users of the targeted platforms and marketplaces.

The bills will not stabilize prices or reduce inflation. The overwhelming consensus among economists is that regulatory measures in the proposed bills would be a poor substitute for fiscal and monetary policy, and unlikely to have any beneficial effect on inflation in the economy. Increasing operating costs for companies is counterproductive when the objective is reducing prices for consumers.

Additional harmful impacts of the bills:

- Impact at least 13 additional U.S. companies in the near term and over 100 companies by the 2030s. The near-term impacted companies include Berkshire Hathaway, Visa, JPMorgan Chase, Walmart, Mastercard, PayPal, Home Depot, Walt Disney, Bank of America, Comcast, Netflix, Cisco, and AT&T. These companies operate online platforms and marketplaces and are on track to exceed the inflation-adjusted market cap thresholds in the next 5 to 10 years.
- Hurt American companies more than foreign-based companies. The proposed bills would harm U.S. international competitiveness by applying U.S.-specific size thresholds that would cover U.S.-based online platforms and marketplaces long before they cover foreign competitors of a similar size.
- Reduce venture capital investment in startup firms by 12 percent. The proposed bills would jeopardize U.S. technological leadership and innovation as the bills would prohibit covered platforms from acquiring startups, eliminating viable exit options for many startups and reducing incentives to found or invest in startups.

NERA's analysis demonstrates that the proposed bills are not in the public interest because they create cost inefficiencies not only for the targeted companies but also for consumers and small and medium-sized business users.

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