

## **Robert Feinberg**

### **State Antitrust Enforcement in the U.S. and Implications for Business Entry and Relocation**

This paper examines the impact of the important, yet little-studied, state-level antitrust enforcement activity on entry and relocation behavior by U.S. firms. Feinberg and Husted (2011) have shown that this enforcement, especially non-horizontal cases, may be viewed by potential entrants as a negative aspect of the state business climate. However, they did not pursue a more disaggregate analysis of small firm entry behavior; nor did they investigate different responses between manufacturing, wholesaling and retailing firms. Another related issue is the extent to which state cases filed in tandem with federal investigations have the same impact on establishment entry as do purely “independent” cases. These considerations are dealt with in this paper. I use annual state-level data from the Statistics of U.S. Business to examine entry and relocation reactions to state antitrust enforcement by firms within three small-business categories: 1-19 employees; 20-99 employees; 100-499 employees. Generally speaking the smallest retail and wholesale firms seem to favor vigorous antitrust activity, especially enforcement targeted against cartel behavior by suppliers. The largest small-firm retailers and wholesalers (those with 100-499 employees) seem somewhat threatened by such activity, especially the more controversial non-horizontal enforcement. However, it must be acknowledged that the effects on entry or relocation of small firms – both positive and negative – are quite small. Preliminary results suggest that whether or not cases are pursued jointly with the federal government seems not to matter in terms of establishment entry decisions.