The Protectionist Roots of Antitrust

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I. Introduction

Economists and legal scholars have studied the effects of antitrust policy for decades, but it is only within the past several years that the origins of antitrust have received much scholarly attention. In *The Origin of the Sherman Act* (1985) George Stigler was among the first to reexamine "the problem of why the United States introduced an affirmative competition policy." He tested an agrarian interest hypothesis—that "the Republicans passed the Sherman Act to head off the agrarian . . . movements" for price controls and other interventions—against a self-interest hypothesis that small businesses wanted a law to protect them from their larger, more efficient rivals. He found little, if any, empirical support for either hypothesis.

DiLorenzo (1985) examined the origins of the Sherman Act from a public choice or interest-group perspective and provided evidence that industries accused of being monopolized in the late 1880s were in fact dropping prices and expanding output faster than the rest of the economy. The Sherman Act might have been a political smokescreen to pave the way for the McKinley tariff, which was passed just four months after the Sherman Act and was sponsored in the U.S. Senate by Senator John Sherman himself.

In an early analysis of the origins of antitrust, Robert Bork (1966) claimed to have found evidence in the *Congressional Record* that the

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"legislative intent" of Congress in passing the Sherman Act was consumer protection.

The public interest interpretation of the origins of antitrust—that the law was passed as a benevolent response by Congress to a form of market failure—is by far the predominant view among economists and legal scholars. This viewpoint is so widely believed that attempts to explore the alternative, self-interest hypothesis are sometimes met with indignation and dismissed out of hand. For example, when Robert Bradley recently (1990, p. 737) explored the self-interest hypothesis he was chastised by a referee for his "cynical explanation of the passage of the Sherman Act, a view not shared by most contemporary economists." Similar statements were once made about law and economics, public choice, and many other out-of-the-mainstream research programs.

Despite the predominance of the public-interest view of the origins of antitrust, there are reasons to be skeptical of this view. This paper reexamines the genuine roots of antitrust—the state-level antitrust laws that were enacted several years prior to the 1890 Sherman Act. In the mid 1880s, strong political movements emerged at the state level of government in favor of "anti-monopoly" legislation that eventually took the form of antitrust statutes. Although some analysts, such as Stigler (1985) and Thorelli (1955), have noted the existence of these state statutes, no one to our knowledge has thoroughly investigated the possible relation between these movements and the Sherman Act.

The Sherman Act was not enacted in a Washington, D.C. political vacuum. It emanated from the same economic and political forces that gave rise to state antitrust legislation. It is particularly relevant that in 1890 state legislatures still directly elected U.S. Senators, and that the Sherman Act was introduced in the U.S. Senate, not the House.

Section II discusses the economic and political forces at work during the emergence of state antitrust legislation in the late-nineteenth century by focussing on one state, Missouri, which was representative of the states that enacted antitrust legislation during this period. With the exception of Maine, all states that enacted antitrust statutes in 1889 were located in or near the Mississippi valley (see appendix table 1). Section III contains a summary.

II. Interest-Group Politics and the Missouri Antitrust Law

Close study of late nineteenth-century politics in Missouri suggest that farmers there were a major special interest behind state antitrust legislation. There is evidence that farmers did indeed view large-scale enterprise as a competitive threat and sought antitrust laws to protect them from competition.

The Missouri Farm Lobby

The "Farmer's Alliance" was the most powerful political coalition in Missouri in the years preceding the enactment of the 1889 antitrust law. Democrats affiliated with the Alliance dominated the 1888 state elections. The Democrats were very farm conscious. There were farmer-lawyers, farmer-bankers, farmer-teachers, farmer-preachers, farmer-editors, and farmer-druggists. The Alliance confronted candidates for the state legislature with a card containing the following pledge: "I pledge myself to work and vote for the [Farmer's Alliance's] demands irrespective of party caucus or action" (Drew 1891, p. 303). The pledge card was widely distributed to farmers who were instructed: "If any candidate refuses to sign . . . vote against him and use your influence to elect those who sign, irrespective of party."

Of the 174 state senators and representatives, 140 signed the pledge, as did all of the congressmen-elect headed for Washington and the winners of all three statewide races in that year.

Antitrust and the Missouri Farm Lobby

One reason Missouri farmers wanted an antitrust law was that many of them were being *under*priced by larger, more-efficient farms. The Farmer's Alliance repeatedly warned of the dangers of "the land concentrating in the hands of capitalists" (Clevenger 1940, chap. VI). For example, at a 1889 meeting of the National Farmers Alliance in St. Louis, a Declaration was issued that first urged "care for the widows and . . . orphans," and then called for legislation to "suppress . . . all unhealthy rivalry" (Drew 1891, p. 786). Farmers were bitter about the low and falling agricultural prices, and they blamed the trusts for the decline in their economic position. They complained of "our depressed condition" because of the fact that "the price of the farmers' grain is below the cost of production." As David D. March wrote in his *History of Missouri* (1971, p. 1169), "Just as the low price of raw cotton spurred the expansion of the Southern Alliance, so low grain prices in the late 1880s caused thousands of farmers in the wheat belt . . . to join the National Farmer's Alliance."

To the extent that agricultural prices were falling, the notion that the Missouri antitrust law enhanced consumer welfare is suspect. Missouri farmers were an appropriate special-interest group to launch an antitrust policy on grounds of self-interest if it could be expected that an "antitrust" statute would be enforced and interpreted as an anti-*bigness* statute to protect some producers from the competition of larger and more-efficient rivals.

III.
Missouri Agriculture in the Late-Nineteenth Century: Monopoly or Competition?

If the consumer-welfare interpretation of antitrust legislation explains Missouri's experience with such laws, the following trends should be evident in the economic data on Missouri's agricultural sector for the 1870s and 1880s: (1) the real price of farm outputs should have been rising (or not falling); (2) the volume of farm outputs should have been falling (or not rising); and/or (3) the real price of farm inputs should have been rising.

However, if the real prices of farm outputs and inputs fell—and if the volume of output rose—the protests against supposed monopolization are inconsistent with what was actually happening in Missouri's agricultural economy. Indeed, if real prices decreased and outputs increased, the cries against monopolization are more plausibly interpreted as rent-seeking attempts of less-efficient producers to protect their markets from the increasing competition of more-efficient producers.

During the 1880s, cattle was Missouri's single largest agricultural output in terms of percentage of the state's agricultural gross output (Klepper 1978, p. 320). In 1889, nearly one-quarter of all agricultural output in Missouri was cattle production. Hog production was a close second, accounting for more than 20 percent of Missouri's agricultural gross product. Wheat was the state's third-largest agricultural product, representing more than 13 percent of Missouri's agricultural gross product in 1889. Cattle, hogs, and wheat together account for almost 60 percent of Missouri's total agricultural production in 1889.[1] Appendix table 2 shows the market value of Missouri-raised cattle and hogs per head from 1879 through 1891, as well as the price of wheat in Missouri for these years.

[1]Missouri was the fourth largest cattle-producing state in the United States (behind Texas, Iowa, and Kansas), the nation's third largest hog-producing state (behind, Iowa and Illinois), and the nation's fifth largest wheat producer (behind California, Illinois, Indiana, and Ohio). See *Abstract of the Eleventh Census: 1890*, U.S. Bureau of the Census (Washington, D.C.: U.S. Government Printing Office, 1896), Table 4 and Table 7.

Cattle

Although a simple comparison of, say, the 1879 per-head value of Missouri cattle with the 1889 value shows a slight increase, a different and more significant picture emerges by examining the trend of cattle values from the mid 1880s to the end of the decade. Compared to the peak value in 1884, the per-head value of cattle in Missouri in 1889 was 28.8 percent lower (and it was to fall even further by 1890). Looked at another way, the average value of cattle per head for the years 1887–89 was 18.8 percent less than was the average value per head for the years 1882–84. This decline in cattle values—which affected all the major cattle-producing states—was accompanied by a steady increase during the 1880s of the quantity of cattle entering into the gross national product. Measured in pounds of live weight, cattle supply during the 1880s increased by about 50 percent for the United States as a whole, while the price per hundredweight received by cattlemen in the United States fell from an average of $5.69 in 1880 to $3.86 in 1890–a 15 percent decrease.

This increased supply and reduced price of cattle resulted in *lower* prices of beef (and beef by products) for final consumers. According to economic historian Mary Yeager (1981, p. 70), the average price of beef tenderloins in the United States fell nearly 38 percent between 1883 and 1889.

Hogs

As with cattle, the market value of hogs in Missouri peaked in the early-to-mid 1880s. The 1889 value of a Missouri-raised hog was approximately 19 percent lower than it was six years earlier. The average value of hogs in the state for the 1887–89 period was more than 15 percent lower than it was in 1882–84.

The nationwide output of hogs and hog products increased during the 1880s while the price per hundredweight of hogs fell precipitously—from $6.07 in 1880 to $3.60 in 1890—a decrease of more than 40 percent.[2]

Wheat

The trend of prices for Missouri wheat was also downward during the 1880s, although as in much of the midwest during the late nineteenth century, wheat prices in Missouri fluctuated a good deal.[3]

[2]The 1870 price per hundredweight of hogs in the United States was, at $6.80, even higher than it was in 1880.

[3]McGuire (1981) ranked 14 states according to the extent of variability from year-to-year in their wheat prices. Missouri is ranked eighth.

The 1889 price of wheat in Missouri was 34.7 percent lower than it was a decade earlier. The average price of wheat in Missouri during the 1882–84 period was 97 cents per bushel as compared to 72 per cents per bushel on average for the 1887–89 years. The latter price is almost 27 percent lower than the price of wheat earlier in the 1880s.

These data do not support the notion that Missouri agriculture was becoming monopolized during the 1880s. Moreover, it is doubtful that "predatory pricing" was taking place, for prices fell for the entire decade (and, indeed, since 1870). Predatory pricing for that length of time would be irrational.

Farm-input costs

The farm input that first comes to mind as possibly having been monopolized in the late nineteenth century is transportation by railroad. Although rail rates did fluctuate over time[4]—and varied from region to region and from shipper to shipper—there is broad agreement among economic historians that railroad rates fell dramatically during the several decades following the Civil War (North 1966, pp. 139–40). According to Stigler: "[a]verage railroad freight charges per ton mile had fallen by 1887 to 54 percent of the 1873 level, with all lines in both the eastern and western regions showing similar declines" (1885, p. 2). Henry Varnum Poor found that railroad rates fell from an average charge per ton-mile of $2.90 in 1865 to $0.63 in 1885—a rate decrease of over 78 percent.[5]

Consistent with the significant railroad-rate reduction was the equally significant increase in the quantity of rail services during the latter part of the nineteenth century. According to Poor, total ton-miles carried by U.S. railroads increased by 700 percent between 1865 and 1885 (Hilton 1966, p. 89). In Missouri, there were 4,234 miles of railroad track in 1880; by 1889 this figure increased by almost 45 percent to 6,118 miles of track (Clevenger 1940).[6] No evidence that we know of exists to support the belief that railroad rates were monopolistically high during the period leading up to the passage of antitrust legislation in Missouri.[7] All evidence points in the opposite direction.

[4]Stanley Lebergott (1984, pp. 284–85) argues that the variability of rail rates during the late nineteenth century was an effect of keen competition among the railroads.

[5]Poor, quoted in Hilton (1966), pp. 89–90.

[6]Clevenger (1940) reports that in 1879 Missouri had 27 counties without railroad service, but by 1891 only 11 counties remained unserviced by the railroads.

[7]In fact, the intensity of the competition among the railroads, and the resulting continual downward trend in rail rates in the decades following the Civil War, is considered to be the reason underlying the passage of the 1887 Act to Regulate Interstate

Nor is the evidence consistent with the farmers' contention that financing costs increased during the late nineteenth century. In fact, real interest rates fell dramatically during the 1880s. In the midwest region of the country, defined to include Missouri, real interest rates on farm mortgages fell from an average of 11.41 percent in 1880 to 7.84 percent in 1889. This fall represents a 31 percent reduction in real interest rates during the 1880s.[8]

As for the prices of farm machinery, we were unable to find specific data on farm-machinery prices in Missouri. However, Clevenger reports that, although the 1880s was a period of falling input, output, and consumer-goods prices in Missouri, downward adjustments in farm-output prices usually occurred before downward adjustments in the prices of consumer goods. But, the decreases in the prices o/f farm outputs in Missouri was generally *preceded* by decreases in the prices of farm inputs. "In terms of bushels of wheat, oats, or corn, a mowing machine, binder, or cultivator could be bought for less in 1892 than in 1882" in Missouri (Clevenger 1940, p. 46).

Clevenger's claim that the price of farm inputs in Missouri decreased in real terms during the 1880s is consistent with the trends in farm-machinery prices for the United States as a whole during the latter part of the nineteenth century. This trend was downward during the decades following the Civil War. Towne and Rasmussen (1960) constructed an index of U.S. farm-machinery prices (in constant 1910–14 dollars) and found that this index fell from 251 in 1870 to 124 in 1880 and to 101 by 1890. This index shows that farm machinery was 2.5 times more costly in 1870 than it was in 1890.[9] There is no reason to believe that the trend of farm-machinery prices in Missouri differed significantly from the nationwide trend.

Missouri's economy was undoubtedly becoming more and more commercialized and competitive in the post-Civil War era. The rapid economic growth of Missouri's economy and its increasing integration with other states is reflected in the number of railroad carloads of general merchandise unloaded or loaded in St. Louis. In 1870, 20,542 cars were unloaded or loaded. By 1880 this figure had nearly quadrupled to 125,939, and by 1890 this figure had more than doubled again to 323,506 (Thelen 1986, p. 32). These data question the

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Commerce. Sponsors of this Act hoped that the Interstate Commerce Commission would effectively cartelize the railroads. See, e.g., Kolko (1963), MacAvoy (1965), and Hilton (1966).

[8]Jeffrey G. Williamson (1974, p. 153).

[9]This index fell to 94 by 1900.

contention that the Missouri economy was falling into the consumer welfare-reducing grips of monopolists.[10]

In short, available data on the economic factors pertaining to Missouri's agricultural sector in the decades leading up to the enactment of the 1889 antitrust statute contain no clear evidence of monopolization. Indeed, every sector of Missouri's economy—especially its agricultural sector—shows signs of being highly competitive during the last three decades of the nineteenth century.

What, then, did the agrarians in Missouri have to gain from the passage of an antitrust statute? Agrarians and local merchants in Missouri (as elsewhere) correctly perceived that the larger producers were responsible for the downward pressures on the prices of their outputs (Thelen 1986). Because economies of scale caused a decrease in the optimal number of producers of any particular commodity, the economy *looked* as if it were becoming more "monopolized." As such, in their attempts to protect their local markets from the lower-priced and/or higher-quality goods being shipped to towns and countrysides on the railroads from the increasingly centralized production locations, politically-organized agrarians complained of the evils of "monopoly." But "monopoly," as used by the agrarians, referred only to the larger and more efficient firms who were driving many small farmers and merchants out of their traditional lines of work and business.[11]

Our interpretation of anti-monopoly sentiment in Missouri as being rooted in local-producer opposition to the more intense competitive pressures resulting from "big" firms and the growing commercialization of Missouri's economy is more consistent with the data presented above than is the public-interest interpretation.[12]

[10]Thelen, a historian who is sympathetic with populist ideals and goals, reports that "[r]ailroads transformed the size and shape of [Missouri's] market economy, forcing businessmen and farmers to produce at unprecedented rates to survive the new competition" (p. 32).

[11]Our interpretation of the anti-monopoly protests of the late nineteenth century is, of course, not novel. For example, Dudden, argues that "in the United States by the middle of the nineteenth century, monopoly was generally deplored as *hampering opportunity*. . . . [T]he anti-monopoly spirit of the Guilded Age took shape as a widespread but essentially middle-class protest against the *centralizing* tendencies in transportation, land tenure, business, and industry, which characterized the period" (1957, p. 588; emphasis added).

[12]For further evidence in support of our interpretation of the political motivation behind antitrust legislation in the case of Missouri in particular, see Clevenger (1940), Piott (1985) and Thelen (1986). Dudden (1957), Wiebe (1967), Mayhew (1972), and McDonald (1974) are only a handful of the historians who interpret nineteenth century agrarian political protests—including the agrarians' ubiquitous calls for antimonopoly legislation—as an attempt to stave off the increasing commercialization of their occupations and lives.

However, a more complete understanding of the specific forces at work in Missouri in the late 1880s requires a discussion of the livestock and meat-packing industry. Producers in this industry played a key role in the passage of Missouri's 1889 antitrust statute.

IV.
Cattlemen, Butchers, and Other Rent Seekers

The agrarian interest group that seems to have exerted the greatest pressure for passage of Missouri's 1889 antitrust statute was comprised of cattlemen and local retail butchers who were agitated over the allegedly monopolistic practices of the "beef trust"—the centralized butchering and meat-packing firms that emerged in Chicago in the early 1880s as a result of the development of an economical refrigerated railroad car. The four largest Chicago meat packers during the 1880s were Swift, Armour, Morris, and Hammond, collectively known as "the Big Four."

Although Gustavus Swift was not the first entrepreneur to ship slaughtered cattle by refrigerated railroad car, he was the first to do so economically, shipping his first refrigerated car full of beef from Chicago to Massachusetts in the fall of 1877. The "refrigeration" of this 1877 shipment of dressed beef was little more than open doors on a railroad car being hauled in cold weather. However, Swift saw profits in being able to slaughter meat in a centralized location served by several railroads (i.e., Chicago) and shipping it out year round to cities and towns across the country. The successful development of an economically viable refrigerated car allowed Swift to begin year-round shipments of dressed meats in 1879 (Clemens 1923, pp. 235–36).

In addition to integrating forward into wholesaling and retailing, Swift and his rival Chicago meat packers created markets for beef and hog by-products that had never before existed, thus extracting more profit from each cow or pig slaughtered than was being extracted by local butchers. When this less wasteful use of the whole cow or pig is combined with the great economies of scale that were made possible by the centralization of butchering and shipping, it is not surprising that the price of meats to consumers fell throughout the 1880s (Yeager 1981, p. 70).

The average quality of beef also improved during the 1880s. This quality improvement is closely connected with the fall in the price of cattle that occurred from the mid 1880s through the early 1890s. The fall in cattle prices, in turn, was responsible for the decline of the range-cattle industry beginning in the mid 1880s.

In the wake of the decline of the range-cattle industry there emerged, for the first time in the midwest and the west, rumors of a "beef trust." Range-cattle producers, whose product—live grass fed cattle shipped by rail to wholesale or retail butchers or sold directly to butchers in nearby towns—simply could not compete with the much less expensive and higher-quality dressed meats shipped from Chicago. Cattlemen contended that "the Big Four" meat packers were conspiring to *depress* the price of range cattle (Yeager 1981, pp. 172–73).

In May 1886 the "National Butchers' Protective Association of the United States of America" was formed in St. Louis. The goal of this organization of butchers "was to destroy the dressed meat industry, which was shipping meat from Chicago to eastern cities and selling it for less than the meat killed by local butchers" (Clemens 1923, p. 243).

The complaints of the range-cattle producers and of the local butchers prompted the first investigation of the meat-packing industry by the U.S. Congress (Clemens 1923, p. 479). Responding to these complaints, the Senate in May 1888 appointed a commission to investigate the cause for the *low* price of cattle seemingly spawned by "the Big Four."

Senator George Vest of Missouri was appointed to chair this committee.[13] From its inception to the delivery of its final report in May 1890, the Vest Committee—comprised of five midwestern and western Senators (from Illinois, Kansas, Missouri, Nebraska, and Texas)—sympathized strongly with its cattle-raising constituents. The Vest Committee concluded in its final report that "the principle cause of the *depression* in the prices paid to the cattle raiser and of the remarkable fact that the cost of beef to the consumer has not decreased *in proportion*, comes from the artificial and abnormal centralization of markets, and the absolute control by a few operators thereby made possible" (Senate Report No. 829 [commonly referred to as the Vest Report], p. vii).

The Vest Committee did not deny that the price of beef to consumers had fallen, only that this price did not fall "in proportion" to the reduction in the price of range cattle. Consumer welfare is increased, of course, when the price of a consumer good falls—especially when the quality of the good rises simultaneously—regardless of whether the price of an input fell by more or less than in proportion to the reduction of the price that the consumer must pay for the good.

The Vest Committee found no evidence of collusion by the major Chicago meat packers. Instead, the Committee *inferred* the existence

[13]The Vest Committee began its hearing in St. Louis in November of 1888, "this place being chosen because the International Cattle Range Association and the Butchers' National Protective Association were in session there" (Clemens 1923, p. 749).

of collusive action among the major packers in the buying of cattle from the fact that cattle prices fell during the mid and late 1880s. The Vest Committee reported that "Mr. P. D. Armour testifies at Washington that no such [collusive] agreement existed between himself and other packers *and we do not contradict this statement*. . . . [However] it is difficult to believe that with the most apparent motive for such action the same parties, or their subordinates with their knowledge, do not avail themselves of the opportunity presented by the centralization of markets to combine for the purpose of lowering the price of cattle" (Vest Report, p. 6; emphasis added).

Several state legislatures also attempted to take action against the "beef trust." Late in 1888, Governor Lyman Humphrey of Kansas called on the governments of the states in the Mississippi valley region to send delegates to a conference for the purpose of framing statutes that could be passed by all states in the region.[14] The ultimate goal of this conference of state legislators was uniform state statutes designed to "protect the stock-grower and farmer against the manipulations of such alleged [beef] trust."[15] It eventually adopted a model antitrust statute to meet this goal. There was no mention during the convention or in the proposed statute of the need to protect consumers from high prices; only to protect stockgrowers and farmers from lower-priced competitors.

The model antitrust statute declared all "trusts" to be in violation of the state corporate charter. Significantly, this model antitrust statute included in its definition of a trust the ability of "a combination of capital, skill or acts by two or more persons, firms, corporations or association of persons. . . . [t]o limit or reduce the production, or increase or *reduce* the price of merchandise or commodities" (emphasis added).[16] The statute that was eventually enacted in Missouri was entitled "An Act for the punishment of pools, trusts and conspiracies." It passed by a vote of 98 to 1 in the House, and by 27 to 4 in the Senate.[17]

Missouri's legislation prohibited "restraints of trade" in the form of pooling, forming trust companies, interlocking directorates, and so

[14]Piott (1985, p. 26).

[15]*Journal of the Senate of Missouri*, 35th General Assembly, 1889, p. 165. The entire text of this joint resolution of the Kansas Senate and House calling for a conference of midwestern state legislators, as well as Missouri Governor Francis's message to the Missouri General Assembly, can be obtained from the authors upon request.

[16]Ibid., p. 407. On the prevalent nineteenth century view that the proper and legal means for controlling the size and manufacturing activities of corporations was the state corporate charter, see McCurdy (1979).

[17]*Journal of the House of Missouri*, 35th General Assembly, 1889, pp. 952–53, and *Journal of the Senate of Missouri*, 35th General Assembly, 1889, pp. 410–11.

on, the effects of which were "to fix or limit the amount or quantity of any article, commodity or merchandise to be manufactured, mined, produced or sold" in Missouri.

This statute also prohibited actions intended "to *limit* or fix the price" of outputs (emphasis added).[18] Although the wording of the proscription against actions intended to "limit" the price of outputs is subject to interpretation, one plausible meaning of the verb "to limit" as it is used in this statute is "to reduce" or "to keep from rising." This interpretation of the statute as prohibiting actions intended to reduce prices is consistent with (1) the downward trend of prices in Missouri during the 1870s and 1880s; and (2) the support given by Missouri's Governor Francis and by Missouri's farmer-dominated General Assembly to the St. Louis beef-trust conference of March 1889 in light of the fact that this conference adopted a model antitrust statute that explicitly prohibited price reductions.

Our interpretation of the political events in Missouri during the winter and spring of 1889 is that Missouri's agrarian-dominated General Assembly passed antitrust legislation in 1889 as part of an attempt to shield politically powerful producer groups—especially range-cattle producers and independent retail butchers—from the intense competitive pressures being exerted by the centralized, vertically integrated meat-packing firms headquartered in Chicago. (Recall that cattle was Missouri's single largest agricultural output during the 1880s.) No evidence exists to suggest that consumers in Missouri (or anywhere else in the United States) were harmed by the so-called beef trust. In fact, as shown above, the evidence suggests just the opposite: The centralization of meat packing generated substantial benefits to consumers in the form of lower prices and higher quality meat, as well as greatly expanded use of meat by-products which, until the 1880s, were discarded as waste. However, the growth of the centralized meat packers did result in lower prices for range-cattle producers and, of course, for independent local butchers whose services ran head to head in competition with the services being performed more efficiently in the Chicago slaughtering and packing houses.

III. Conclusions

The political and economic roots of antitrust are at the state level of government. Numerous states passed antitrust laws before the 1890

[18] *Laws of Missouri*, 35th General Assembly, 1889 (Jefferson City, Missouri, 1889), pp. 96–97; emphasis added.

Sherman Act, itself initiated in the U.S. Senate which, at that time, was directly elected by state legislatures.

The political impetus for some kind of antitrust law came from the farm lobbies of mostly midwestern, agricultural states, such as Missouri. Rural cattlemen and butchers were especially eager to have statutes enacted that would thwart competition from the newly centralized meat processing facilities in Chicago. The evidence on price and output in these industries, moreover, does not support the conjecture that these industries suffered from a monopoly in the late nineteenth century, if monopoly is understood in the conventional neoclassical way as an organization of industry which tends to restrict output and raise prices. These industries were fiercely competitive because of relatively free entry and rapid technological advances such as refrigeration.

As Armentano (1982) has shown, for over a century the antitrust laws have routinely been used to thwart competition by providing a vehicle for uncompetitive businesses to sue their competitors for cutting prices, innovating new products and processes, and expanding output. This paper has argued that, moreover, antitrust was a protectionist institution from the very beginning; there never was a "golden age of antitrust" besieged by rampant cartelization, as the standard account of the origins of antitrust attests.

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Appendix Table 1
State Antitrust Laws by Date of Passage

State	Year of Passage
Maryland	1867
Tennessee	1870
Arkansas	1876
Texas	1876
Georgia	1877
Indiana	1889
Iowa	1889
Kansas	1889
Maine	1889
Michigan	1889
Missouri	1889
Montana	1889
Nebraska	1889
North Carolina	1889
North Dakota	1889
South Dakota	1889
Washington	1889
Kentucky	1890
Louisiana	1890
Mississippi	1890
Alabama	1891
Illinois	1891
Minnesota	1891
California	1893

Source: George Stigler, "The Origin of the Sherman Act," *Journal of Legal Studies* 14 (January 1985): 1–11.

Appendix Table 2
Prices of Missouri's Three Leading Agricultural Products, 1879–1891

	Cattle (per head)	Hogs (per head)	Wheat (per bushel)
1879	$22.95	4.36	1.01
1880	$25.06	5.59	0.89
1881	$27.03	6.29	1.19
1882	$29.01	7.68	0.85
1883	$31.18	7.99	0.88
1884	$32.61	6.75	0.62
1885	$31.05	5.75	0.77
1886	$28.60	5.44	0.63
1887	$26.49	5.83	0.62
1888	$25.65	6.71	0.88
1889	$23.22	6.48	0.64
1890	$21.86	5.44	0.83
1891	$21.92	5.40	0.80

Source: Robert Klepper, *The Economic Bases for Agrarian Protest Movements in the United States, 1870–1900*. New York: Arno Press, 1978.