Correction to: *Antitrust for Institutional Investors*

FROM THE AUTHORS: It has come to our attention that Martin Schmalz, in discussing our article, *Antitrust for Institutional Investors*, 82 ANTITRUST L.J. 1101 (2018), has focused on our Table 1A and pointed out the “0”s in that table are inaccurate. He is correct, although, as we discuss below, it does not affect the point that we were making.

In our article, we focus on the table in Azar, Schmalz and Tecu (2018) that lists the top 10 owners in 9 major airlines as of 2016Q4, a table we reproduce at Table 1. As we say in our article, Table 1A reformatst Table 1 in order to show the heterogeneity of holdings among airlines. In doing so, we put a “0” in cells of the table that do not appear on AST’s Table 1. That is an error. We should have put an “*” in those cells to indicate that the holdings, whatever they are, are not among the top 10. As Schmalz points out, it is incorrect to assume that “not in the top 10” is the same is 0. Thus, our statement that “As all the ‘0’s in the spreadsheet dramatically show, many investors do not hold all six airlines” is incorrect. It should read “As all the ‘*’s show, many investors are not among the top 10 shareholders in all six airlines.”

Our basic point, however, stands. First, there is substantial heterogeneity among the portfolios of major airline investors. Second, for each weighting of industry investments, an investor would be expected to have a different view of the right sort of competition within the industry. While the Big 3 (Vanguard, BlackRock, and State Street) will have equally weighted holdings in all of the public airlines, other large investors may not. A firm like T. Rowe Price with close to 14% of American and 10% of Alaska, but much smaller holdings of Southwest, United, Delta, and JetBlue will have a fundamentally different view of the right sort of competition within the industry. In particular, in the unilateral effects framework that AST use, while the Big 3 might be willing to sacrifice profits at, say, American or Alaska to increase the overall value of their market value weighted portfolio, T. Rowe, with its 14% stake in American and 10% stake in Alaska would be unlikely to agree.

We acknowledge the error and are grateful to Professor Schmalz for pointing it out.

Edward Rock
Daniel Rubinfeld