ANTITRUST AND THE TECH GIANTS

Sherry Qiu
- What is antitrust?
- Past cases
- Modern-day cases
- Potential modifications
What is antitrust?

- Regulate conduct and organization of business corporations, to promote fair competition
- Clayton Act
- Federal Trade Commission Act
- Sherman Act
  - Prohibits “unreasonable” restraint of trade through acquisitions, mergers, exclusionary tactics, and predatory pricing
The high-tech economy

- Rapid pace of innovation
- Network effects
- First-mover advantage
What is antitrust?

Past cases

Modern-day cases

Potential modifications
U.S. vs. Microsoft
Allegation
- Tying Internet Explorer to Windows OS in an attempt to monopolize market for Internet browsers

Reasoning
- Microsoft has a monopoly in the PC operating systems market
- Microsoft used its dominance in the market to exclude rivals

Conclusion
- Disclose APIs to allow other companies to integrate their software with Windows OS
E.U. vs. Google
E.U. vs. Google (cont.)

- **Allegation**
  - Used dominance of search market to increase traffic to Google Shopping comparison service

- **Reasoning**
  - High entry barriers to search markets
  - Prominent placement of Google Shopping results caused traffic to drop significantly for competitors

- **Conclusion**
  - “Equal treatment to rival comparison shopping services and its own service”
What is antitrust?
Past cases
Modern-day cases
Potential modifications
Amazon

- Central infrastructure for internet economy
  - 46% of all e-commerce in the U.S.

- Pricing
  - Personalized pricing
  - Below-cost pricing to intimidate rivals
Facebook

- Social network dominance driven by data collection
- Data privacy concerns
- What is antitrust?
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New approach

- Currently only looking at market power and consumer welfare
- Instead, focus on market structure and competitive process
  - Entry barriers
  - Conflicts of interest
  - Gatekeepers or bottlenecks
  - Use and control over data
  - Dynamics of bargaining power
Resources


Images
https://www.cbinsights.com/research/team-blog/data-network-effects/
https://www.youtube.com/watch?v=KokD82XV1tq
https://www.groupon.com/coupons/stores/amazon.com
https://twitter.com/google
https://commons.wikimedia.org/wiki/File:F_icon.svg
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Thoughts?