

Did Big Tech Get Too Big? U.S. Crackdown Seeks Answer: QuickTake

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The rise of global technology superstars like Amazon, Apple, Facebook and Google created new challenges for the competition watchdogs who enforce antitrust laws around the world. The companies dominate markets in e-commerce and smartphones, search advertising and social-media traffic. Antitrust enforcers globally have ramped up their oversight. The stepped-up scrutiny in the U.S. under President Donald Trump will likely continue whether or not he wins re-election in November, as Democrats, too, are pushing for stronger enforcement.

1. How far is the U.S. going?

The [Justice Department](#), the [Federal Trade Commission](#) and a nationwide group of state attorneys general have all opened antitrust investigations of one or more of the four tech giants. Most advanced are [parallel inquiries](#) into [Alphabet Inc.](#)'s Google by the Justice Department and states led by Texas. Those [have the potential](#) to become the biggest U.S. antitrust case since the Justice Department and states sued [Microsoft Corp.](#) in 1998 for abusing its monopoly in computer-operating systems. In the U.S. Congress, the House's antitrust panel is nearing the end of a yearlong investigation of the four tech companies, an inquiry that could lead to proposed legislation to toughen oversight of their businesses.

2. Are the tech giants monopolies?

They're powerful, for sure. In the U.S., Google and [Facebook Inc.](#) together collect [more than half](#) of digital advertising spending, [Apple Inc.](#) has about 46% of the smartphone market, and about 38% of all e-commerce sales go through [Amazon.com Inc.](#) But under modern antitrust enforcement, those percentages alone aren't enough to alarm regulators in the U.S., which long ago stopped equating big with bad. Standard Oil's market share got as high as [88%](#) late in the 19th century, for example.

3. What's the point of antitrust enforcement, then?

What's illegal is for a monopoly to abuse its market power to prevent rivals from threatening its position. (In the U.S. case against Microsoft, a federal judge ruled the software giant did exactly that.) U.S. law sets a higher bar than the European Union for finding abuse of dominance, meaning it's easier to run afoul of antitrust restrictions in Europe. The EU brought [three](#) antitrust [actions](#) against Google in [as many years](#) carrying penalties that totaled \$9.3 billion, while the U.S. chose not to bring charges for some of the same conduct. Still, Google, Amazon, Facebook and Apple are all grappling with criticism that they have crossed a line by taking steps to squash competition.

4. Have the tech giants abused their power?

As the middlemen for today's essential products and services, tech platforms have leverage over both producers and consumers. They also compete with many of the same product and services that depend on their platforms. That potential conflict led Senator [Elizabeth Warren](#) to call for the [breakup](#) of tech companies when she was running for president. The tech giants are also growing by snapping up potential rivals that might threaten market share. Data compiled by Bloomberg show the big five -- Alphabet, Amazon, Apple, Facebook and Microsoft -- have made nearly 500 acquisitions in the last decade worth \$161 billion. None may be more controversial than Facebook's acquisition of Instagram in 2012, a takeover critics say eliminated an emerging competitor that on its own would have come to rival Facebook in social media. (In [defense of the deal](#), Facebook Chief Executive Officer Mark Zuckerberg says Instagram in 2012 wasn't large enough to be a real competitor.) The companies also have control over vast amounts of data about their customers, raising concerns about threats to privacy.

5. How often does the U.S. go after monopolies?

The Microsoft lawsuit was the last major monopolization case brought by the U.S. The ensuing 20-year dry spell is often cited by those who argue enforcement has been too timid. President [Barack Obama](#)'s administration [vowed](#) to get tough on dominant companies in 2009 but didn't follow through. The number of monopoly cases brought by the U.S. [dropped](#) sharply from an average of 15.7 cases per year from 1970 to 1999 to less than three between 2000 and 2014.

6. Is antitrust thinking outdated?

Some lawyers and economists think it's time to move past [conventional antitrust enforcement](#) to take into account the effects of concentration on innovation, employment and consumer privacy. A fresh line of thinking labeled the [New Brandeis School](#) (derided as "[hipster antitrust](#)" by critics) would rewrite the playbook entirely and prevent, for example, tech platforms from vertically integrating into other lines of business. Representative [David Cicilline](#), chairman of the House Judiciary subcommittee on antitrust, [has said](#) he assumes some changes are needed to antitrust rules "written more than 100 years ago." Warren has called for unwinding mergers such as Amazon's purchase of grocer Whole Foods and Facebook's acquisitions of Instagram and messaging service WhatsApp. Warren would also make companies choose between operating platforms and offering products on them. There are also mounting calls for [enhanced regulation](#) of the companies, either by expanding the authority of an existing agency or creating a new one.

7. What are the politics?

Trump's Justice Department, under Attorney General William Barr, is preparing to sue Google, and Barr has proposed [overhauling](#) the legal protections enjoyed by online platforms for content posted on their sites. Former Vice President [Joe Biden](#), who defeated Warren to become Trump's presumptive Democratic competitor in November, is less outspoken on antitrust. But [policy proposals](#) offered by allies of his and of Senator [Bernie Sanders](#) of Vermont in July call for antitrust enforcers to significantly broaden their framework so that they consider the effects of corporate concentration on labor markets, underserved communities and racial equity.

8. What do the companies say?

The tech giants say they face [competition](#) across their businesses, both from established tech companies and new startups. Google might be the world's dominant search engine, but nearly half of all Americans start their [product searches](#) on Amazon, according to one survey. Facebook says countless services like TikTok, Snapchat and Twitter are competing for users' attention. Amazon says its own line of products that compete with third-party sellers means more choice for consumers and is no different than brick-and-mortar retailers that sell their own branded products next to name-brands on their shelves.

The Reference Shelf

- Meet the [biggest players](#) in the battle over antitrust enforcement.
- Big tech is [armed and ready](#) to take on the U.S. government.
- Elizabeth Warren [says](#) breaking up tech giants would "keep the marketplace competitive."
- This Bloomberg Opinion [editorial](#) defended Google against antitrust accusations.
- In Wired, Roger McNamee says [everybody but Apple](#) is guilty of anticompetitive practices.

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