



The dominance of big tech



Context:

- US House of Representatives panel submitted the report of a bipartisan investigation into the working of Amazon, Apple, Google and Facebook.

Why was the House of Representatives probing big tech companies?

- There were allegations and concerns that these big tech companies have exploited, entrenched and expanded their power over digital markets in anti-competitive and abusive ways.
- Also, due to their metastatic growth, they now have a vast influence on politics, policy and personal reputations across the spectrum, making cost of **data privacy** breaches by these firms catastrophic.

What are concerns of each platform?

- **Amazon:** It is an online sales platform has disrupted the traditional business of retail sellers and small business. Allegations that Amazon favours its own



self-branded products over those of third-party sellers through manipulation of search results.

- Apple: Its App Store policies, specifically regarding how Apple ranks search results on that platform, is questioned as it has lead exclusion of certain competing apps from the Store (Ex. Spotify). Questions have also been raised on how Apple determines the share of revenue it takes from in-app purchases
- Facebook: Regulators have focused their attention on Facebook's acquisitive streak in capital markets, for example, the U.S. Federal Trade Commission (FTC) enquiry into whether Facebook defensively purchased certain companies (Instagram & Whatsapp) to maintain its dominant market position in the social networking ecosystem.
- Google: This company handles more than 90% of online searches across the world. In recent years concern has grown over the fact that Google has increasingly been sending users to its own sites to answer their queries, including products such as Google Flights and Google Maps.
- Thus there are allegations of abuse of its dominance in internet search, advertising and its mobile system, to the detriment of rival content producers. The European Union has already fined Google \$5.1 billion in 2018.

What are the findings of US Panel?

- The panel observed that the answers by Bezos, Cook, Zuckerberg and Pichai – heads of these Big tech Companies- were often “evasive and non-responsive”. This raised questions whether they considered themselves “beyond the reach of democratic oversight”.
- The panel said each of these companies was now acting as a “gatekeeper” over a key channel of distribution, which meant that they had full control over what went on in their respective domains.
- By controlling access to markets, these giants can pick winners and losers throughout our economy.
- In a way, the panel said, these companies ran the marketplace for their respective domains, while also competing in it. And to ensure they retain the number one position, the companies have resorted to self-preferencing, **predatory pricing**, or **exclusionary conduct**.



What has the panel recommended?

- **Structural separations of the big tech companies:** What this essentially means is that the panel wants these companies to be broken into smaller companies to ensure that they would not be able to have as much influence as they have currently over the digital marketplace.
- Another recommendation of the panel is that these companies be prohibited from operating in an “adjacent line of business”.
- A third recommendation is that there should be a “presumptive prohibition” against big tech companies going for mergers and acquisitions.

What global impact could the US panel recommendations have?

- Although the recommendations of the House panel are **not legally binding** on either the US government or any other agency, it could set the ball rolling in the direction of more controls.
- For example, the panel has said Congress should bring back its culture of probing and asking tough questions of companies that seem to break monopoly and anti-competitive laws
- These recommendations may not impact any big tech companies directly as of now, but could increase the scrutiny of regulators and probe agencies worldwide.

What did the probe find about big tech influence in India?

- The role of the of big tech companies in stifling competition in India finds mention in the US panel’s report.
- The report refers to the various antitrust probes going on against Google in India.
- In the last two years, the Competition Commission of India (CCI) has raised issues with Google’s commercial flight search option, its dominant position in the search marketplace, the abuse of its dominant position in the Android phone and smart television market, and others
- In 2019, CCI had held Google guilty of misuse of its dominant position in the mobile Android market and said the company had imposed “unfair

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conditions” on device manufacturers to prevent them from using other operating system

- Recently, Google has also been accused of following a high and unfair commission mechanism for apps listed on its Play Store

What is the impact of US Report on India's regulatory Space?

- With the US House panel focusing on the dominance of big tech companies across the world, the companies are likely to come under more scrutiny from regulators including the CCI in India.
- In coming years, as India plans to regulate the use of personal and non-personal data, these tech companies could face scrutiny over how they manage and use the data they collect from users in India.
- Amazon and Facebook, which are trying to enter the retail space in India, are also likely to be under the lens for the way they price their products and the space they give/deny to their competition.

Conclusion:

- Free and Fair market is needed to balance the need for innovation and to protect the rights of people & society.