Resolved: The United States federal government should enforce antitrust regulations on technology giants.

Contention 1: ~consumer welfare~

Thompson of Stratechery explains in 2016 that, consumers have willingly self-selected big tech for a superior user experience. The Economist in 2017 quantifies in a poll that Americans said they'd need $17,000 a year to quit using Google. White in 2018 concludes that under the current interpretation of antitrust laws where consumer harm must be proven, big tech companies are not in violation. In fact, Luckerson of the Ringer in 2019 reports that even the lawyers who sued Microsoft in the early 2000s are vocalizing that the current pushes to regulate big tech are a massive overstep.

However, antitrust enforcement actually hurts consumer welfare. Feiner of CNBC reports in June that the DOJ's antitrust chief has explained it will crack down on big tech giants, namely, with a focus on preventing mergers and acquisitions that are aimed at harming competition. Unfortunately, Autor of MIT in 2017 quantifies that industries with big players like tech that are the most concentrated have the most innovation. By reducing this concentration, antitrust regulation hurts innovation in three specific ways.

1. Stifling startups. The MIT Sloan School reports in 2019 that when the rate of company acquisitions is high, the chances a startup will get bought is also high, increasing the incentive for entrepreneurs to innovate. In fact, Buchanan of INC quantifies in 2015 that since 2011, entrepreneurship has been on the rise. Murray of the CEI in 2019 further elaborates that due to financial regulation, it's extremely difficult for a firm to raise capital by going public with an IPO, and concludes that without tech buyouts, innovation would simply not happen. Bhargava of UC Davis in 2019 explains small startups receive millions in venture funding contingent on getting bought out by companies like Google or Facebook. Without that promise, Bhargava concludes these companies would never develop the ambitious product in the first place. Buyouts have the potential to give smaller firms access to "better resources, technology, and financing." O'Sullivan of Reason in 2019 gives the example of Google's acquisition of Android which was initially a head-scratching move, but thanks to Google's in-house resources and talent, managed to grow into the behemoth it is today.
2. Sheer size. Lowry of POLITICO in 2019 reports that the top five R&D spenders were all big tech companies. Pethokoukis of The Week in 2019 provides the reasoning: big tech still has to innovate to beat their competitors. For instance, Rosoff of CNBC in 2017 reports that Google and Facebook clash for ad revenue, Amazon competes with traditional retailers, and Apple and Google fight over phones.

3. Better quality. Zoffer of the Stanford Law Review in 2019 explains big tech firms invest specifically in breakthrough innovation like artificial intelligence, driverless vehicles, and clean energy. He concludes that only big tech firms can innovate in this way as investors in smaller firms would see these actions as a threat to share price. Indeed, the Financial Times in 2014 reports companies like Google are happy to take their revenue and invest it in the future's next technological bonanza to stay relevant. Zoffer concludes big tech's innovation factor cannot be replaced by smaller firms.

Boundary-pushing innovation creates jobs. For instance, Wartzman of Fortune in 2016 finds that advances in technology will create 25 million new jobs through areas like cloud computing or the IOT and increases in efficiencies. Indeed, Deloitte in 2017 found in a study of the U.K that technology eliminated 800,000 jobs, but created 3.5 million new jobs which paid nearly 13,000 more per year than the ones that were lost. Overall, the OECD explains, innovation has "increased the standard of living, provided people with opportunities to improve their lives, and breakthroughs in technology have had dramatic impact to individuals and communities alike."

Alternate impacts

New in 2019 writes that "the reason why companies are able to develop green tech at such a sustainable and revolutionary rate is because they are so large in size".

- https://www.nbcnews.com/mach/tech/ai-game-changer-fight-against-hunger-poverty-here-s-why-ncna774696 “Some researchers are using AI to pinpoint the regions most in need. Other scientists are integrating AI into research designed to improve agriculture, possibly giving the world's poorest farmers a way to elevate their financial status. AI is also an effective tool for increasing access to information and boosting education and literacy, among other things.”
- https://blogs.wsj.com/cio/2018/11/16/the-impact-of-artificial-intelligence-on-the-world-economy/“that AI technologies and applications will increase global GDP by up to 14% between now and 2030”

Rick Wartzman January 15, 2016, 1-15-2016, "Believe It or Not, the Internet of Things Will Create a Workers' Paradise," Fortune,
http://fortune.com/2016/01/15/new-jobs-technology/
With this in mind, Cohen says, “cloud computing, Big Data, and the Internet of Things will employ millions of people in new types of jobs.”

More precisely, Cohen figures that as a new “virtualized infrastructure” gets built out over the next 15 years, as many as 25 million jobs will be created. He acknowledges that automation is certain to wipe out a bunch of positions, but he estimates that the net gain will still be around 15 million.

4. Unfortunately, Day of Columbia quantifies in a study spanning 1963 to 2015 that whenever the government beings to leverage monopolization claims, the companies in question cut back their innovation.

1. Politicized enforcement. The Economist in 2019 explains that Republicans and Democrats approach tech regulation with politicized goals. Already, Harsanyi of the Federalist in 2019 reports the Department of Justice, a potential antitrust enforcer, has been hijacked by Trump to hurt CNN, while the Obama administration has been accused of selectively blocked mergers to punish Republican CEOs.
2. MIT Sloan School reports in 2019 that current antitrust law or policy cannot be extended to skepticism of mergers with small companies. In fact, the early 2000s Microsoft lawsuit began with complaints from its competitors, IBM, Java, Linux, and Apple, who all had competing software platforms. The lawsuit didn't emerge from a bunch of startups annoyed that their minor platforms weren't the default on Microsoft's computers.

Unfortunately, today The Economist in 2019 explains that Republicans and Democrats are approaching tech regulation with political goals. Already, Harsanyi of the Federalist in 2019 reports the Department of Justice, a potential antitrust enforcer, has been hijacked by Trump to hurt CNN, while the Obama administration has been accused of selectively blocked mergers to punish Republican CEOs. Overall, Pecman of the CFO finds issues like data are better suited by privacy laws for a solution.

1. Tech giants don't have enough market share yet to warrant regulation. McLaughlin of the Washington Post in 2019 explains the percentages these companies control of revenue tend to hover around 50%, such as Apple controlling 45% of the smartphone market. . But under modern antitrust enforcement, those percentages alone aren't enough to alarm regulators in the U.S. - for instance, Standard Oil's market share got as high as 88 percent late in the 19th century before the government stepped in. Hovenkamp of UPenn in 2019 adds that similarly, Microsoft controlled over 90% of the market share in operating systems before being sued by the government.

Jamison of the AEI in 2019 explains the underlying premise that big is always worse than the alternative is unfounded, which makes no sense and could be applied to say breaking up the Democratic Party or universities to create something hypothetically better.

Furthermore, Murray of the National Review in 2019 explains splitting off ad revenue companies from the tech giants would destroy big tech's business plan where ads fund the free parts that consumers love.

Markham Law in 2006 defines antitrust enforcement as being potentially applicable when companies hurt consumer welfare. However, Chowdhry of Forbes in 2018 explains the development of AI will create 58 million net jobs, a project big tech companies are largely behind.

5. Prosser of Forbes in 2018 quantifies that in the UK where antitrust legislation has been threatened as well, 86% of investors agree that tech antitrust would hurt startups.

Gregory Day, Columbia Law School, October 17, 2017, "How Antitrust Affects Innovation," http://clsbluesky.law.columbia.edu/2017/10/17/how-antitrust-affects-innovation/

I constructed a new dataset of publicly available information as well as data received from Freedom of Information Act ("FOIA") requests. **The dataset spans from 1963 to 2015 with a unique entry each year.** The results of the models are consistent, strong, and quite unexpected, demonstrating the effects of antitrust enforcement on society's ability to produce patents and R&D.

First, a greater number of antitrust lawsuits filed by private parties—which are the most common type of antitrust action—impedes innovation. Second, the different types of antitrust actions initiated by the government tend to affect innovation in profoundly different ways. Merger challenges (under the Clayton Act) promote innovation while **restraint of trade and monopolization claims (under sections 1 and 2 of the Sherman Act) suppress innovative markets.** Even more interesting, these effects become stronger after the antitrust agencies explicitly made promoting innovation a part of their joint policies.

My analysis also supports concerns that the mere presence of the Federal Trade Commission and the Department of Justice in dynamic markets might chill the incentives to innovate. As the administrative state of antitrust increases—measured by the size of agency budgets and the number of investigations, actions, and personnel—the innovation in private industry decreases. **To offer an analogy, when drivers can spot a police officer by the highway, they are more likely to drive *below* the speed limit, acting in an overly conservative manner.** In the innovation context, a similar effect appears to be true: Although the presence of antitrust regulators in innovative markets may make some firms abide by the law, it can also make others overly cautious and reduce innovation.

Alston Ghafourifar, Entefy, 9-7-2017, "Automation replaced 800,000 workers… then created 3.5 million new jobs," VentureBeat, https://venturebeat.com/2017/09/07/automation-replaced-800000-workers-then-created-3-5-million-new-jobs/

Here's an example. A Deloitte study of automation in the U.K. found that 800,000 low-skilled jobs were eliminated as the result of AI and other automation technologies. But get this: 3.5 million new jobs were created as well, and those jobs paid on average nearly $13,000 more per year than the ones that were lost.

Positive, worker-friendly outcomes like this illustrate a more complete range of possibilities for automation. Technology is changing the way we work — that's not in dispute. These changes can improve people's lives and lead to a more creative, intellectually engaged workforce. AI often means that employees can spend more time on complex tasks for which they are uniquely suited, like interacting with customers or brainstorming innovative new campaigns.

Amit Chowdhry, xx-xx-xxxx, "Artificial Intelligence To Create 58 Million New Jobs By 2022, Says Report," Forbes, https://www.forbes.com/sites/amitchowdhry/2018/09/18/artificial-intelligence-to-create-58-million-new-jobs-by-2022-says-report/#7ff11bbf4d4b
Machines and algorithms in the workplace are expected to create 133 million new roles, but cause 75 million jobs to be displaced by 2022 according to a new report from the World Economic Forum (WEF) called "The Future of Jobs 2018." This means that the growth of artificial intelligence could create 58 million net new jobs in the next few years.

With this net positive job growth, there is expected to be a major shift in quality, location and permanency for the new roles. And companies are expected to expand the use of contractors doing specialized work and utilize remote staffing.

Iain Murray, 3-12-2019, "Breaking Up Platforms Has Sickening Implications," Competitive Enterprise Institute, https://cei.org/content/breaking-platforms-has-sickening-implications
Warren's plan would also forbid mergers and buyouts that "reduce competition." Yet, buyouts by large tech firms offer a way for innovators to realize a return on their initial investment that is often part of their business plan. That's because financial regulation, of which Senator Warren is a leading champion in Congress, has made it extremely difficult for a firm to raise capital by going public via IPO, as entrepreneurs did in years past. Without the potential of a lucrative buyout, entrepreneurs will find it harder to attract venture capital; some innovations simply will not happen.

Leigh Buchananeditor-At-Large, Inc. Magazine@Leighebuchanan, xx-xx-xxxx, "American Entrepreneurship Is Actually Vanishing. Here's Why," Inc, https://www.inc.com/magazine/201505/leigh-buchanan/the-vanishing-startups-in-decline.html
One hopeful sign is that all who have identified the decline are optimistic about its correction. Stangler says he expects to see a "huge rebound" as the economy improves. He is particularly upbeat about changing demographics, viewing young people as founders-in-waiting rather than as missing in action. "I'm pinning a lot of hope on the Millennials," he says. "Ten years from now, we'll have more people in their 30s than ever before in history. I would expect that to bode well for business formation."

Entrepreneurship has actually been on the rise since 2011, according to GEM, which surveys individuals and national experts rather than the government data that Kauffman and Brookings rely on. As a result, GEM turns up not just new businesses but also people in the embryonic stages of starting businesses. Kelley calls them nascents. Nascents “may identify in the Census as ‘I am employed by somebody else.’ But they are actually entrepreneurs and getting started,” says Kelley. The rate of nascent entrepreneurship has almost doubled since 2010, from 4.8 to 9.7 percent. (How many of those will result in new companies, though, is anybody’s guess.)

Nicholas Carlson, 3-11-2013, "Google Is Working On A Technology That, If Perfected, Would Save 1.2 Million Lives Per Year," Business Insider,
https://www.businessinsider.com/google-technology-saving-12-million-lives-2013-3
Google is working on a technology that, if perfected, would prevent about 35,000 deaths per year in the United States and 1.2 million deaths per year worldwide.
To put that number in context: About 23,000 American men and women will die of leukemia in 2012, according to the National Cancer Institute.

Financial Times in 2014
https://perma.cc/95CQ-4893
These are the sort of questions that occupy Larry Page. At 41, the co-founder and chief executive of Google is freeing himself up to think big. A reorganisation in recent days has shifted responsibility for much of his company’s current business to a lieutenant and left him with room to indulge his more ambitious urges. The message: the world’s most powerful internet company is ready to trade the cash from its search engine monopoly for a slice of the next century’s technological bonanza.

Zoffer of the Stanford Law Review in 2019, xx-xx-xxxx, "Short-Termism and Antitrust’s Innovation Paradox,"
https://www.stanfordlawreview.org/online/short-termism-and-antitrusts-innovation-paradox/

Critically, a small set of firms seems to be largely exempt from this dynamic: big tech firms with high margins, ample cashflows, and dominant market positions.As one columnist put it, when it comes to short-termism, “Amazon is the most famous counter-example.”Ditto Alphabet, Facebook, and Apple, the usual list of companies trotted out against the short-termism hypothesis.These firms are investing at exceptionally high rates and in ways traditional competition theory would not predict.Rather than focusing exclusively on building moats around their present markets, big tech firms also “compete through innovation . . . not just to gain a small share of a stable market but to fundamentally disrupt it.”Big tech firms are at the forefront of advances in artificial intelligence, driverless vehicles, and clean energy, among othersOne possible explanation for their unique ability to invest is that their dominant market positions motivate shareholders to give them freedom not afforded to other companies. The short-termism hypothesis implies that only companies with these characteristics will be able to underwrite innovation as the big tech firms do. Because their business models generate large and protected cashflows at relatively low cost (and because these companies have shown a propensity for innovation), investors seem comfortable letting them invest in ways that would be taken as a threat to share prices at other firms.

It might be the case that other firms would step in to capture the opportunities left on the table without big tech. But the implications of the short-termism hypothesis and evidence from the superstars literature suggest that big tech’s replaceability in the private sector is far from clear, at least in the near-term.[37]

Open this footnote

The answer, whether or not big tech firms are broken up, may lie in substantially increasing public sector investment.[38]

Open this footnote

Without government-funded R&D, however, a significant decline in big tech’s investment spending could be damaging to economic growth.

William Markham,, xx-xx-xxxx, "Why Antitrust Laws Matter? (By William Markham, 2006)," Markham Law, https://www.markhamlawfirm.com/law-articles/why-antitrust-laws-matter/
More specifically, the antitrust laws serve to check and redress the improper acquisition and abuse of market dominance. In particular, these laws forbid two categories of conduct: (1) monopolization — i.e., the use of “anti-competitive measures” to acquire, preserve or enlarge monopoly power in a given market; and (2) unlawful restraints of trade — i.e., conduct jointly undertaken by two or more independent actors that unfairly suppresses “competition on the merits” in a given market, leading to higher prices, worse service, lack of innovation or loss of choice.

Why these proscriptions? Because the antitrust laws presuppose that unrestrained market competition is the best method of promoting lasting prosperity and wealth for the greatest number. But unrestrained competition, put into practice, often leads to the emergence of stultifying monopolies and oligopolies that take unfair advantage of their customers while hindering innovation and commercial excellence. This is the great and eternal contradiction of market economics, and it is this contradiction that the antitrust laws seek to redress.

Hovenkamp of UPenn in 2019
Mar 26, 2019, 3-26-2019, "Why Breaking Up Big Tech Could Do More Harm Than Good," Knowledge@Wharton,
https://knowledge.wharton.upenn.edu/article/why-breaking-up-big-tech-could-do-more-harm-than-good/

McLaughlin of the Washington Post in 2019
https://www.washingtonpost.com/business/did-big-tech-get-too-big-more-of-the-world-is-asking/2019/03/22/dc8cdc7e-4c77-11e9-8cfc-2c5d0999c21e_story.html?noredirect=on&utm_term=.f275bba8bd6a
They're powerful, for sure. Google and Facebook Inc. together controlled 60 percent of mobile ad revenue and 51 percent of digital ad revenue globally in 2018, according to eMarketer. In the U.S., Apple Inc. has about 45 percent of the smartphone market; about 47 percent of all U.S. 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 percent late in the 19th century.) What's illegal is for a monopoly to abuse its market power to prevent rivals from threatening its position. U.S. courts ruled Microsoft Corp. did so in the 1990s.

David Prosser, xx-xx-xxxx, "Why An Attack on Big Tech Could Damage Small Start-ups," Forbes,
https://www.forbes.com/sites/davidprosser/2018/12/13/why-an-attack-on-big-tech-could-damage-small-start-ups/#260a7bba3fc0
The research is published amid growing calls for action against Google, Facebook, Amazon and their peers on a number of threats. Many countries are seeking to work more closely with each other in order to increase the tax take from digital businesses or introducing digital taxes individually. Several initiatives are designed to force technology platforms to take greater responsibility for what their users publish online. There are even suggestions competition regulators should intervene to break the biggest companies up. However, Coadec's research warns investors fear that any attempt to tackle the largest technology companies on these issues could unwittingly damage smaller businesses at an earlier stage in their growth trajectory. In many cases, these start-ups and scale-ups would actually suffer more damage than their larger counterparts, investors warn. Overall, 86 per cent of the UK investors surveyed by Coadec agreed that policy or legislation designed to target specific companies could lead to poor outcomes that inadvertently hurt or hinder smaller technology players. Some 71% of investors warned that introducing digital taxes on sales would prompt entrepreneurs to consider setting up new businesses in other geographies. And 73% feared making digital businesses more responsible for online content

would be more burdensome for smaller companies – and therefore allow the dominant technology companies to tighten their grip on the market.

James Pethokoukis, 3-14-2019, "Elizabeth Warren's fairy tale about Big Bad Tech," No Publication, https://theweek.com/articles/828707/elizabeth-warrens-fairy-tale-about-big-bad-tech

Moreover, Big Tech didn't get big because of nefarious business practices. Or as Warren puts it, "They've bulldozed competition, used our private information for profit, and tilted the playing field against everyone else." Alternate explanation: They have created superior and innovative products and services that consumers love. Indeed, a much-cited study by economist David Autor finds that industries, like tech, that have become more concentrated are exactly those that have been increasing their innovation most rapidly.

This is hardly surprising. Big Tech firms are the biggest corporate spenders on R&D, more the behavior of paranoid competitors than satisfied monopolists. There's no sign that Warren has considered how her plan would affect all that investment spending. Nor has she considered how these companies will continue to deliver free services if government regulation undermines the current ad-driven business model. Everything would change, she promises, but all only for the better for consumers.

Autor of MIT in 2017

https://economics.mit.edu/files/12979

https://www.kansascityfed.org/~/media/files/publicat/sympos/2018/papersandhandouts/jh%20john%20van%20reenen%20version%2020.pdf

network effects, as long as high market share firms have lower labor shares.[10] A high level of concentration does not necessarily mean that there is persistent dominance—one dominant firm could swiftly replace another as in standard neo-Schumpeterian models of creative destruction (Aghion and Howitt, 1992). But dynamic models could create incumbent advantages for high market share firms. Such a phenomenon could occur through innovation incentives—as in the Gilbert and Newbery (1982) model, where incumbents are more likely to innovate than entrants. A more

We will discuss several pieces of evidence that are suggestive of some role for the superstar firm hypothesis. First, using firm-level data to decompose the changes in aggregate markups and labor shares, the vast majority of the changes are due to reallocation between firms towards larger, more productive and profitable firms. Most American firms have seen either no increase or a fall in their mark-ups and labor shares. Second, the industries growing most concentrated appear to have rising productivity and innovation which is consistent with reallocation to more efficient and innovative firms. Third, the qualitative trends of concentration and mark-ups seem similar across countries, which suggests global changes, rather than country specific institutional changes such as the relative weakening of US competition policy compared to Europe. None of these are dispositive, so we also look at other explanations – such as an increasing role for intangible capital.

Andrea O'Sullivan, 4-9-2019, "Why Tyler Cowen Loves Big Tech (And Thinks You Should, Too)," Reason, https://reason.com/2019/04/09/why-tyler-cowen-loves-big-tech-and-think/
Consider Android, Google's open source smartphone OS. We take it for granted that Android commands significant smartphone market share; the EU recently issued a record-setting antitrust fine against Android for billions of dollars.
But we forget that when Google acquired this little-known project in the mid-aughts, it was seen as a head-scratching move. The early smartphone market had been characterized by proprietary smartphone software bundled with hardware and sold by companies like Apple, Nokia, and RIM (Blackberry). Google's crazy bet was to unbundle the OS from the hardware, and keep the OS open source at that.
The rest is history, and Apple struggles in many countries to keep up in the market it created. Google's Android pivot was incredibly innovative. We just don't fully appreciate it now because it was so successful.
And as mentioned before, most of the software and digital products that we rely on each day come from a big technology company. Even if they were not totally developed in-house, big companies have the resources and talent to dramatically improve the products of its acquisitions. Would YouTube ever have grown to what it is today without Google's armies of lawyers and programmers needed to navigate such an enterprise? It is unlikely.

John Pecman, xx-xx-xxxx, "Don't Break Up Big Tech Firms: Former Antitrust Regulator," CFO, https://www.cfo.com/regulation/2019/04/dont-break-up-big-tech-firms-former-antitrust-regulator/
Expropriating the property rights of a successful company is a veritable “nuclear option” in antitrust law, especially when less intrusive remedies exist. The more dramatic approach would cause significant damage to the economy if it were to use antitrust law to break up large companies in an effort to remedy broad public-interest concerns.

Restricting successful companies reduces incentives to innovate, invest, and compete. Competition-enforcement agencies must be empowered to make evidence-based decisions using economic analysis to deal with antitrust issues.

Theories and the quest for political wins should not drive policymakers to take hasty actions in the shaping of our markets. Let’s exercise care in wielding our regulatory hammers.

John Pecman, xx-xx-xxxx, "Don't Break Up Big Tech Firms: Former Antitrust Regulator," CFO, https://www.cfo.com/regulation/2019/04/dont-break-up-big-tech-firms-former-antitrust-regulator/

Competition enforcement agencies need to apply an evidence-based approach and demonstrate actual economic harm before taking action. Big data holds considerable promise to increase economic efficiency and innovate business practices. It’s important for antitrust regulators to maintain a degree of humility and recognize that far-reaching, populist proposals are ill-advised.

Antitrust law has limits; it should not be expected to address all social problems. There are other laws and policies to address those. For instance, tax laws are better suited to correct wealth inequality, and privacy laws are better suited to safeguard personal data.

The proposal to dismantle large technology companies by unwinding already completed mergers and to prohibit platform owners from participating on their own platforms is flawed. A respect for property rights and the freedom of contract are fundamental tenets of a free-market economy. So is competition policy that enables long-term economic growth benefiting businesses and consumers alike.

Youyou Zhou, xx-xx-xxxx, "Thirty years of financial filings reveal Microsoft’s biggest competitors," Quartz, https://qz.com/1553700/this-30-year-timeline-reveals-microsofts-biggest-competitors/

From Microsoft’s own perspective, the most consistent competitor of the business has always been IBM, which was mentioned more than 270 times in the competition section during the past 30 years. The two companies seem to have always moved in sync, both as partners and competitors. Microsoft’s early success was built upon the MS-DOS operating system, and selling it directly to computer-makers like IBM, but IBM eventually developed its own operating systems and desktop software.

Large microcomputer manufacturers (OEMs) are devoting significant resources to creating microcomputer operating systems, notably IBM, Apple Computer, and Sun Microsystems. (1989-1994)

IBM and Apple preinstall certain of their application software products on various models of their PCs, competing directly with Microsoft's desktop application software. (1995)

Competitors such as IBM, Apple Computer, Sun Microsystems, and others are vertically integrated in both software development and hardware manufacturing. (2001)

MIT Sloan, 6-7-2019, "Will regulating big tech stifle innovation?," https://mitsloan.mit.edu/ideas-made-to-matter/will-regulating-big-tech-stifle-innovation
"A lot of people have argued for being tougher on acquisitions," Schmalensee said. "It's not an extension of U.S. antitrust law or policy for that matter, to say 'You really ought to be a little more skeptical of mergers, even with small companies, when they might grow into big competitors or have technology that can be used to make it difficult for others to compete.'"

Most of those firms are relatively small, with market shares to match, so their acquisition doesn't usually trigger much scrutiny by antitrust authorities, Van Reenen said. Facebook's 2012 purchase of Instagram for $1 billion in cash and stock stands as the classic example of the sort of forward-looking strategies regulators would need to detect and address.

About The, 11-30-2018, "Congress is 'Fed Up' With Big Tech, But Antitrust Action May Be Impossible – InsideSources," InsideSources, https://www.insidesources.com/congress-is-fed-up-with-big-tech-but-antitrust-action-may-be-impossible/
"It's about market power," Lawrence White, professor of economics at New York University's Leonard N. Stern School of Business, told InsideSources. "The antitrust laws are not about pure size."

Because market power is defined in terms of price-setting, he said, "Facebook may not be an antitrust problem."

"Facebook got to its size because it was pretty good at what it was doing, which was providing all kinds of connectivity for individuals who really liked that connectivity," White added. "Under current interpretation of antitrust laws, no one thinks that case could be won (to break up Facebook or Google). Even if you could break them up, five years later there will be one big social media company [again] just because people will be gravitating to where all their friends hang out. Facebook has other things, like the Cambridge Analytica scandal, and that is a problem, but not an antitrust problem."

Victor Luckerson, 3-11-2019, "Elizabeth Warren Drags Big Tech Into the Populist Crosshairs," Ringer, https://www.theringer.com/tech/2019/3/11/18259994/elizabeth-warren-tech-antitrust-proposal-amazon-google-facebook

The proposal has been met with silence by the tech giants, but with some level of alarm from antitrust traditionalists, including those who pursued the breakup of Microsoft within the U.S. Department of Justice 20 years ago. According to this contingent, forcing firms that grew into behemoths to break apart could introduce inefficiencies to the economy that could harm both the companies and their customers; Amazon's low prices and Google's abundant free services are both benefits of being big. Unwinding mergers—a process lawyers call "unscrambling the eggs"—can be tricky, depending on how deeply an acquired company has been integrated into the corporate mothership. And punishing tech companies for making lots of money without investigating their specific anticompetitive behavior strikes some as a wrongheaded approach that could stifle innovation.

Mark Jamison@Drj_policy, 2-20-2019, "The dangers and false beliefs of designer antitrust," AEI, http://www.aei.org/publication/the-dangers-and-false-beliefs-of-designer-antitrust/

The first is an underlying premise that big is always worse than the alternative. Columbia University professor Timothy Wu expressed this view in a recent remarkable statement defending the idea that big companies like Facebook should be broken up: "But these companies exist in a world where Facebook is there, so we don't know what it would look like with open competition. And often business models only emerge after you break up the monopoly." In other words, we should break up a company with little clue as to the consequences.

If such a conjecture is a valid reason for action, why not breakup Columbia University in case something good might emerge? Or why not breakup the Democratic Party just in case something good might happen?

Politics, xx-xx-xxxx, "5 Reasons Warren's Plan To Break Up Big Tech Is Bad For America," Federalist, https://thefederalist.com/2019/03/13/five-reasons-elizabeth-warrens-plan-to-break-up-big-tech-is-bad-for-america/

I imagine Google is the most effective search engine, and thus the most popular. Google has no special geographical or technological monopoly, nor do they act as a "utility" in any true sense of the word. Most of Google's revenue is derived from ads. No one is forced to use it. To treat it as a monopoly is to normalize the idea that politicians should be able to “fix” markets and companies simply for being successful.

Harsanyi of the Federalist in 2019, "5 Reasons Warren's Plan To Break Up Big Tech Is Bad For America," Federalist, https://thefederalist.com/2019/03/13/five-reasons-elizabeth-warrens-plan-to-break-up-big-tech-is-bad-for-america/

Last week, a New Yorker story alleged that President Donald Trump asked White House aides to ask the Justice Department to stop AT&T from purchasing Time Warner to hurt the liberal cable news network CNN. Whether this story was true or not—and since the byline read Jane Mayer, it might not be—accusations of partisan influence aren’t new. Even without direct instructions from the president, partisan officials can intuit which mergers are politically unhelpful. The Obama administration was accused of selectively blocking mergers to punish Republican CEOs for years, as well.

Iain Murray, 3-12-2019, "Breaking Up Platforms Has Sickening Implications," National Review, https://www.nationalreview.com/corner/breaking-up-platforms-has-sickening-implications/

The plan would essentially outlaw most large tech companies’ business models. Search firms, for instance, sell ads based on the data they collect around users’ search habits. Spinning a search engine off into a separate company would break that link, rendering the model impossible. The Internet would look and act much more primitive than the Internet we know today. Rather than what tech guru Tim O’Reilly calls the “magical use experience” that tech companies now offer their customers, virtually every online transaction would involve switching between different providers, each with its own interfaces and quirks. Using the Internet would become laborious again.

Washington Post in 2019

https://outline.com/5dhVKs

Meanwhile, Warren’s plan would do approximately nothing to address a subject that voters do actually care about, at least a little: the fear that occupying such dominant market position gives the FAANGs too much power over our day-to-day lives. The problem is, the companies have that power only because we want the services they provide.

And since these businesses tend to be characterized by network effects — meaning that sites such as Facebook become more valuable to users as more users join them — you can’t break up their core services without taking away something we really want. Splitting Facebook or Amazon or Google Search in two would create substantially less useful services. But slicing off big tech’s peripheral offerings won’t substantially diminish the power that really bothers people.

Matt Rosoff, xx-xx-xxxx, “Op-ed: The idea of using antitrust to break up tech ‘monopolies’ is spectacularly wrong,” CNBC, https://www.cnbc.com/2017/04/23/why-antitrust-should-not-be-used-against-tech-monopolies.html

The Big Five are in constant competition. The fact that there are five powerful companies at the top of this industry, rather than one (as was arguably the case with Microsoft in the 1990s) should be a clear clue that the tech industry is exceptionally vibrant.

In fact, it’s not clear that any of these companies has an actual monopoly, and it depends on how you define the market.

Does Google have a monopoly in the search market? Probably. But it makes its money from online advertising, where it faces clear competition from Facebook. Amazon arguably has a monopoly only if you define e-commerce as a separate market from retail. Apple doesn’t seem to have a monopoly anywhere.

But more to the point, these five companies are in constant battle, both at the margins and in their core areas of business. Consider the following:

Apple invented the modern smartphone business with the iPhone in 2007, but Google quickly rolled out a competing platform, Android, and licensed it broadly to the point where it now has more than 80 percent of the global market;
Amazon is constantly improving product search in an effort to undercut one of Google’s core sources of revenue—search ads that appear when the user seeks information on a particular product;
Facebook is competing against Google for every dollar available in online advertising, particularly in video;
Apple has its own suite of mobile productivity apps that compete with Microsoft’s Office apps on its devices, while Google has a strong online version of these kinds of apps;
Amazon, Microsoft, and Google are in brutal competition for the cloud computing market, which itself is disrupting traditional software vendors like Oracle and SAP, with hundreds of billions of dollars of corporate IT budgets at stake.

The Economist in 2019
No Author, xx-xx-xxxx, "Outline," No Publication, https://outline.com/

Democrats and Republicans may both poke at tech, but they often have different worries. Democrats are more interested in issues of market power and privacy. Republicans share their concerns about privacy, but focus less on antitrust and more on the supposed political bias of firms like Google and Facebook, which they believe suppress conservative views. However, in the year since the Cambridge Analytica scandal, neither party can claim much has been done yet to constrain big tech firms. Could that be changing?

MIT Sloan, 6-7-2019, "Will regulating big tech stifle innovation?," https://mitsloan.mit.edu/ideas-made-to-matter/will-regulating-big-tech-stifle-innovation
But while such acquisitions could have the effect of eliminating a potential threat to a large company down the road, taking too hard a stance against the practice could also stifle innovation, he said. When the rate at which companies are merging or making acquisitions is high, the chances a startup will get bought is also higher and the incentive for more entrepreneurs to launch one and begin to innovate follows suit.

“You’re trying to protect consumers by regulating, but then you can end up taxing innovation,” Van Reenen said. “The big companies say the reason we innovated so much is because of the rewards we expect to get, and if you basically start taking that away—taking away our intellectual property, it’s going to reduce our incentives to invest or for the next wave of entrepreneurs to come along.”

Schmalensee agreed: Closer scrutiny leads to higher levels of caution throughout an organization, and “being careful up and down an organization stifles innovation.”

One way to approach the problem would be to shift the burden of proof that a merger or acquisition would benefit consumers and innovation to the company, rather than asking the antitrust authorities to prove it would not, Van Reenen said.In any case, the outcome is determined by whether the acquisition gives the smaller firm access to better resources, technology, and financing, or if the increased bureaucracy of a larger company blunts that firm’s motivation to innovate, Van Reenen said. Still, large tech companies are among the heaviest investors in new product development. Amazon invested more than $16 billion—the highest of any major company in the world—in research and development in 2017, while Alphabet, Inc., Google’s parent company, reinvested nearly $14 billion.

Rich Lowry, 3-13-2019, "Don't Break Up Big Tech," POLITICO Magazine, https://www.politico.com/magazine/story/2019/03/13/dont-break-up-big-tech-225808
The tech giants aren't stand-pat companies. The top five spenders in research and development in 2017 were all tech companies. Amazon alone spent more than $22 billion. The development of autonomous vehicles, artificial intelligence and voice recognition wouldn't be nearly as advanced as they are now if it weren't for the work of Google and Amazon. The behemoth of yesteryear, General Electric, isn't making these investments.

The Economist in 2017
https://outline.com/up3AZd
Tech firms get so much flak that it is worth considering the case for the defence. It is surprisingly easy to make. Consumers love their products. Between them the big Silicon Valley platform firms have 8bn customers. They have increased choice for consumers. If you want to watch the greatest hits of Scottish curling or Arnold Schwarzenegger you no longer have to dig around car-boot sales. Amazon has 353m products on sale, 3500 times more than the typical supermarket. In one poll Americans said they would have to be paid an average of $17,500 a year to forfeit the use of their search engine, which if true means that total search revenues could be 83 times higher than the sales of Google's parent, Alphabet, last year.

United States Senator Mike Lee, 3-25-2019, "Facebook, Google, others have big problems, but antitrust law is not the answer," No Publication, https://www.lee.senate.gov/public/index.cfm/2019/3/facebook-google-others-have-big-problems-but-antitrust-law-is-not-the-answer
Some of the calls to use antitrust against tech companies reflect a "big is bad" mentality. This misunderstands the point of antitrust law. It is not just a handy public policy to soothe the public's discomfort with bigness. It is about policing inappropriate exercises or accumulation of market power.
This is a highly fact-specific inquiry, not something that lends itself to easy generalizations or blanket condemnations. Unfortunately, much of the public discourse on antitrust is rife with oversimplifications.
Responsible antitrust enforcement requires rigorous economic analysis of the available evidence, with the goal of protecting competition so that consumers benefit. It requires that we specifically identify where conduct is harming the competitive process, and thus hurting consumers.
If we are unable to characterize harm in this manner, then we should look to other tools, including consumer protection actions at the Federal Trade Commission or federal legislation, to address our concerns about certain practices in tech.

Jon Swartz, 6-10-2019, "Four reasons why antitrust actions will likely fail to break up Big Tech," MarketWatch, https://www.marketwatch.com/story/breaking-up-big-tech-is-a-big-task-2019-06-10
“Antitrust is a slow, messy remedy,” warns Adam Thierer, a senior research fellow at George Mason University’s Mercatus Center. “It can be a sledgehammer approach when what this situation requires is a scalpel.”

“How the heck would any of this apply to Facebook, Amazon, or Apple? How do you cleave off their units and divest them?” Thierer says.

Regulators face an onerous task. None of the individual companies cry out “monopoly,” but collectively — as Big Tech — they present strong evidence. Apple and Google, for example, control more than 95% of all mobile app spending by U.S. consumers, and the Google-Facebook tandem command nearly 60% of all digital advertising spending world-wide. Amazon, meanwhile, has significantly impacted industries such as booksellers, grocery stores and the postal service.

Charlotte Slaiman, competition policy counsel at consumer advocacy group Public Knowledge, argue that imposing restrictions on how social media companies use data could be a more effective strategy than breaking them up. There is simply little precedent in divesting tech companies, short of blocking mergers, she says.

Author By Ben Thompson, 4-26-2016, "Antitrust and Aggregation," Stratechery by Ben Thompson, https://stratechery.com/2016/antitrust-and-aggregation/
This monopoly, though, is a lot different than the monopolies of yesteryear: aggregators aren’t limiting consumer choice by controlling supply (like oil) or distribution (like railroads) or infrastructure (like telephone wires); rather, consumers are self-selecting onto the Aggregator’s platform because it’s a better experience. This has completely neutered U.S. antitrust law, which is based on whether or not there has been clear harm to the consumer (primarily through higher prices, but also decreased competition), and it’s why the FTC has declined to sue Google for questionable search practices.

Swartz of Marketwatch in 2019 explains that antitrust law enforcement is a sledgehammer when the situation requires scalpel, concluding that restriction on data use would be more effective than breaking up or divesting companies. Senator Lee of Utah writes in 2019 that as point of antitrust law is not to destroy big companies, other tools like consumer protection actions at the FTC would be a superior way to deal with certain practices in tech.