THE FTC IS RUNNING COVER FOR SILICON VALLEY'S ABUSE OF THE

PUBLIC AND THEY SHOULD BE FIRED!

DEMAND AN FTC CULLING!

"..Maureen Ohlhausen, acting FTC chair, is a criminal who protects evil against good and justice!"

https://www.axios.com/the-growing-antitrust-concerns-about-u-s-tech-giants-2433870013.html

Kim Hart

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- 5 hrs ago

Policing the power of tech giants

Rebecca Zisser / Axios

The world's largest tech companies — Google, Facebook, Amazon, Microsoft and Apple — have become enormous concentrations of wealth and data, drawing the attention of economists and academics who warn they're growing too powerful. "Platform companies have captured the economy," said Jonathan Taplin, who argues in a new book and a recent NYT op-ed that the dominant platforms are so big that they're undermining competition.

Our thought bubble: Despite populist promises, cracking down on Silicon Valley is not one of President Trump's near-term priorities. Makan Delhrahim, Trump's top antitrust enforcer at the Justice Department, has pledged to to enforce antitrust violations with respect to online platforms just as he would with any other industry, but insiders expect him to be cautious. And Maureen Ohlhausen, acting FTC chair, said in a recent speech that the agency has no intention of meddling in the way tech companies use algorithms and data.

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- Facebook, Amazon, Apple, Microsoft and Google parent company Alphabet are the top five contributors to the S&P's 500 gains this year and their climbs helped drive the stock market's recent rally
- These mega-cap tech stocks have earned the acronym FAAMG from Goldman for their performance, adding$660 billion in market value this year.
- The market cap of tech giants is already greater than the GDP of large U.S. cities: On that basis, Google is bigger than Chicago,

Amazon is bigger than Washington DC.
- "It could ultimately lead to populist calls for redistribution of the increasingly concentrated wealth of Silicon Valley as the gap between tech capital & human capital grows ever-wider," according to a recent Bank Of America Merrill Lynch note.

Economists tend to agree that concentration has increased across U.S. industries, including the internet platform industry. What they don't agree on, though, is whether it's time for antitrust authorities to step in and if there's even a legal mechanism to do so.

Who's the regulator? The FCC regulates the networks these companies use to reach consumers, but not the online platforms themselves. That duty falls to the FTC, but the agency doesn't have the same rule-making authority and therefore relies on after-the-fact enforcement actions when companies mislead consumers or violate their own rules, such as privacy policies. Antitrust laws, some lawyers argue, were designed to oversee physical industries like steel and oil— not the new breed of digital commerce companies that have created entirely new markets.

"High-tech has no regulator so there's a huge policy gap" said Gene Kimmelman, CEO of consumer interest group Public Knowledge and former DOJ official under the Obama administration, who expects greater antitrust scrutiny of tech company moves. "The pot is simmering and it's getting hotter. I think it's a question of whether they overreach in an environment where people are distrustful of their power."

The case for more scrutiny: Overreaching is what Microsoft did in the late-90's, when a judge ruled it had attempted to monopolize the web browser market and unlawfully tie its web browser to its operating system, a violation of the Sherman Antitrust Act.

But the government's lack of enforcement over the past decade could lead to much stronger regulation as populist policymakers start to take notice. Gary Reback, an attorney at Carr Ferrell who led the charge against Microsoft and now does antitrust work against Google, said, "If this behavior goes unchecked for another 10 years, you're going to see the [formation of] the Internet Commerce Commission" to reign the companies in.

The antitrust sanctions against Microsoft helped lead to the startups that later displaced it, some argue.

"People don't fully appreciate that the reason we have Google and Facebook today is because there was an antitrust enforcement action against Microsoft that slowed down the ability of Microsoft to monopolize the internet, the browsers, the data, search, and so on," said Luigi Zingales, finance professor at the University of Chicago Booth School of Business. "Today's monopolies are yesterday's startups. In a good system, this keeps changing."

European regulators have taken much stronger positionsagainst the data practices of these tech giants. Barry Lynn, head of New America's Open Markets program, thinks the EU's higher level of scrutiny is has already caught the attention of some U.S. policymakers.

The case against: Not everyone is ready to take the tech companies to task. In the complicated internet platform and data markets, it's sometimes hard to tell what's anticompetitive and what's just efficient business.

In the case of internet platforms, markets overlap and are are tough to clearly define. While Google may have 88% market share of search advertising, Facebook more than 70% of social media on mobile and Amazon 70% of the ebook market, at some level all three are competing against one another for time and attention and are moving into each others' turf.

"Each of these companies provides different things. That differentiation of platforms — search engines, social networks, vending websites, etc. — may reduce the tendency of concentration and the ability to dominate an entire market," said Michele Polo, economics professor at Italy's Bocconi University.

Market share does not necessarily equate to market power, said Michael Beckerman, CEO of the Internet Association, which represents Amazon, Facebook, Google and Microsoft in Washington D.C. Speaking on a panel about competition last week, he pointed to low barriers of entry to compete in the internet sector, and the consumers' ability to quickly switch to a new service with a single click.