

Antitrust Reading Group / WCCW

Sesh #1 - 10 april 2019

Competition policy for the digital era

- Platform as regulators: Platform's objective may not be always aligned with the regulator's : platform may not always "self-regulate" in view of total surplus.
The report's view: is that only dominant platforms should have some oversight that they're not impeding free competition within their platform.
I.e. the problem is not that they control the design of information or transaction, but the dominant position they are in for a specific type of information or transaction.
- Self-preferencing :
 - Example of amazon selling battery. Sales through amazon is a big source of revenue to the incumbents in this market. Enter Amazon basics batteries.
 - Amazon does not spend on direct advertisement on its products, but self-preference in showing search results
 - If this results in less advertisement from the incumbents, wouldn't this be welfare increasing?
 - Interesting point in the interplay in : self-preferencing or promotion behaviour by online intermediaries and advertising expenditures of offline incumbent manufacturers?
 - Discussed the case of Amazon e-book and kindle format : need to redefine the setting . two separate problems : amazon leveraging its market dominance in online shopping to push both its reader and its book sales
- Breaking up big tech :
 - One idea that has been getting some traction recently (in the past year or 2) is to break up big tech companies
 - Elizabeth Warren's electoral campaign seems to be running on this idea
 - Negative effect on innovation : If larger companies are broken up just because they are dominant, this would decrease the incentive of entrepreneurs to engage into risky projects because of the lower expected profit.
 - Financing of innovation is tricky : disallowing mergers by big company may reduce incentive to innovate by smaller companies who wish to sell out (particularly in a framework where IPOs tend to not be so lucrative)