Press Release

Understanding the FTC’s Review of Big Tech Acquisitions

ALLISON EDWARDS | FEBRUARY 19, 2020

The Federal Trade Commission (FTC) recently announced that it is examining acquisitions by the largest tech companies of smaller firms over the last decade, potentially indicating the direction of its antitrust investigations. Yet companies have a wide range of reasons for acquiring smaller firms that have little to do with anticompetitive behavior, notes AAF’s Director of Technology and Innovation Policy Jennifer Huddleston. Policymakers should view antitrust concerns through the consumer-welfare standard, not based on a predetermined policy goal about the appropriate number or size of firms, she contends.

An excerpt:

Shifting away from a policy approach that looks at consumer welfare would return the United States to an earlier era of antitrust enforcement. There are at least three key problems with a shift away from the current, more objective consumer-welfare approach. First, it would create uncertainty for companies about what is considered a violation of antitrust/competition laws. In the early days of antitrust enforcement, for example, large companies were often uncertain of how to prove their size alone was not harmful. Second, it could mean consumers lose out, as enforcement would focus on the number and impact on competitors rather than squarely on the impact to consumers. And third, it would not solve the various policy concerns expressed about technology such as data privacy or content moderation, and it risks intervening into a market for political reasons that has otherwise remained free and adaptive.

Read the analysis.