Google

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Eakinomics: Google

The big tech story of the week is the Department of Justice (DOJ) antitrust lawsuit against Google. (Just for fun, Google "Google antitrust.") Essentially DOJ argues that Google pays companies like Apple billions of dollars to make its search engine the default option on their devices, giving it the ability to shut out competitors. The searches, DOJ argues, yield data that give Google an unfair edge in online advertising as well. At a news conference, Deputy U.S. Attorney General Jeffrey Rosen stipulated that Google "has maintained its monopoly power through exclusionary practices that are harmful to competition."

AAF's Jennifer Huddleston provides more context and insight, but there are really two key issues in play. First, the appropriate standard in antitrust cases is consumer welfare. In particular, Google clearly dominates online search. But that could be because it is simply better (trying living a week with Bing), and there is no harm to consumers due to the dominance.

For the advertising piece, the key issue is defining the market. Google might have a quite large share of ads that accompany searches, a smaller share of all online advertising, and an even smaller share of online, print, radio, television, and outdoor advertising. What is the "market" for ads that Google is dominating?

If history is any guide, the Google case will take years to come to resolution. The concern in the interim is that Google, in particular, and companies, in general, will avoid actions that they fear will trigger DOJ scrutiny, and innovation and competitive vitality will be harmed in the process. Moreover, the Google suit is only one aspect of the woes the tech firms face. Congress continues to rattle its bipartisan saber on platforms' handling of online content and aspects of privacy. And Democrat state attorneys general declined to join the Google suit; they may soon announce one of their own. Get ready for more action.