US Anti-trust Order - Anti-competitive Practices in Big Tech

Why in news?

The U.S. President Joe Biden signed a new executive order aimed at cracking down on anti-competitive practices in Big Tech, labour and numerous other sectors.

What are the highlights?

- The U.S. anti-trust order is aimed at cracking the dominance of big tech firms.
- [Antitrust laws are made by governments to protect consumers from predatory business practices and ensure fair competition.]
- Its purpose is to foster competition across a number of sectors.
- The executive order includes 72 actions and suggestions involving multiple federal agencies.
- The line of actions proposed include a set of new rules to be issued by the FTC (Federal Trade Commission) on –
    i. data collection
    ii. increased scrutiny of fresh mergers in the technology sector
    iii. scrutiny of the anti-competitive moves in the internet marketplaces
- Other sectors under the scanner include travel, healthcare and agriculture.
- The order calls for changes to how tech mergers and other anti-competitive behaviour by big-tech is scrutinised.
- It also aims to bring down prices of goods and services that have risen over time.
- [The rise was a result of companies in various sectors gaining control of their respective segments.]

What is the need?

- A fair, open, and competitive marketplace has long been a cornerstone of the American economy.
- On the other hand, excessive market concentration threatens basic economic liberties and democratic accountability.
- It also affects the welfare of workers, farmers, small businesses, start-ups, and consumers.
- In this regard, President Joe Biden said “Capitalism without competition isn’t

capitalism. It's exploitation."

- The problems in relation with the big tech firms that the order highlights include -
    i. collecting massive volumes of personal information
    ii. acquiring new, unexperienced competitors
    iii. holding a competitive advantage against small businesses
    iv. corporate consolidation
- Companies that run "dominant online retail marketplaces" can see how sellers are doing on the platform.
- They can then use the data to launch their own competing products.
- A fact sheet released by the government lists out transgressions, without naming companies and entities.
- But apparently, the moves are aimed at firms such as the Amazon.
- Such online selling platform's dual role has been a concern.
- This dual role enables a platform to exploit information collected on companies using its services to undermine them as competitors.

How is it in India?

- In India, there have been a number of antitrust cases against big-tech companies like Amazon and Google.
- They are being investigated by the Competition Commission of India.
- But none has had any significant impact on the behaviour of the companies' operations so far.
- In 2018, the CCI fined Google Rs 136 crore for "search bias".
- However, this fine was set aside by the National Company Law Appellate Tribunal (NCLAT) just months later.
- There is also the recent IT Intermediary Rules that impact social media companies like Facebook and Twitter.
- Another one is the imminent amendments to Consumer Protection (E-commerce) Rules.
- It increases compliance burden for Amazon and Walmart-owned Flipkart.
- The Indian antitrust regulator is also studying the dependence of consumers and enterprises on a few large digital platforms.
- A government-instituted review of the Competition Law has found the existent provisions "largely adequate and fit-for-purpose."
- But it has recommended overarching amendments for additional enforcement mechanisms.
- This should work in the interest of speedier resolution of cases, which is particularly critical in the context of fast changing digital markets.

What impact will the U.S. move have?

- The developments signal a greater consensus on preventing accumulation of “too much power” with only a few companies.
- It also implies an affirmation in the U.S. of the recent anti-trust actions taken by the European Union, which has so far waged a lone battle against Big Tech.
- How the US manages to rein in big-tech firms through the executive order could set precedence for other antitrust regulators.

Source: The Indian Express

