Elizabeth Warren proposes breaking up Amazon, Google, and Facebook



Enlarge / Elizabeth Warren speaking to a crowd on February 18, 2019 in Glendale, California.
Getty Images | Mario Tama

reader comments

231 with 141 posters participating

Share this story

Sen. Elizabeth Warren (D-Mass.) today proposed breaking up Amazon, Google, and Facebook as part of a plan to regulate tech platforms as utilities.

In a blog post, Warren said she'll pursue the plan if she wins

the presidency. The first part of the plan is legislation that would designate the companies as “platform utilities” and break them apart “from any participant on that platform.”

Warren wrote:

> *Companies with an annual global revenue of $25 billion or more and that offer to the public an online marketplace, an exchange, or a platform for connecting third parties would be designated as “platform utilities.”*
>
> *These companies would be prohibited from owning both the platform utility and any participants on that platform. Platform utilities would be required to meet a standard of fair, reasonable, and nondiscriminatory dealing with users. Platform utilities would not be allowed to transfer or share data with third parties.*
>
> *For smaller companies (those with annual global revenue of between $90 million and $25 billion), their platform utilities would be required to meet the same standard of fair, reasonable, and nondiscriminatory dealing with users, but would not be required to structurally separate from any participant on the platform.*
>
> *To enforce these new requirements, federal regulators, State Attorneys General, or injured private parties would have the right to sue a platform utility to enjoin any conduct that violates these requirements, to disgorge any ill-gotten gains, and to be paid for losses and damages. A company found to violate these requirements would also have to pay a fine of 5 percent of annual revenue.*

This part of Warren’s plan would require Amazon Basics—a line of products made by Amazon—to be separated from the Amazon Marketplace. Google’s ad exchange and Google Search would also have to be split apart, with Google’s search business being spun off from the company. Since Warren said this would be

accomplished with legislation, it would require cooperation from Congress.

The other major part of Warren's plan would use existing antitrust laws to "unwind anti-competitive mergers" such as Amazon's purchases of Whole Foods and Zappos, Facebook's purchases of WhatsApp and Instagram, and Google's purchases of Waze, Nest, and DoubleClick.

"Unwinding these mergers will promote healthy competition in the market – which will put pressure on big tech companies to be more responsive to user concerns, including about privacy," Warren wrote.

To achieve this part of the plan, Warren said she would "appoint regulators committed to reversing illegal and anti-competitive tech mergers." That would also require cooperation from Congress—the Senate has to confirm the president's nomination of a Justice Department antitrust chief, for example.

We contacted Amazon, Google, and Facebook about Warren's plan. Facebook declined to comment. We'll update this article if we receive any responses from Amazon or Google.

Tech giants "bulldozed competition"

In pitching her plan, Warren compared it to the federal government's antitrust case against Microsoft, which resulted in a 2001 settlement.

The antitrust case against Microsoft "helped clear a path for Internet companies like Google and Facebook to emerge," Warren wrote.

But now those tech companies have " too much power over our economy, our society, and our democracy," Warren argued. "They've bulldozed competition, used our private information for profit, and tilted the playing field against everyone

else.” The companies have used their resources and Internet dominance “to squash small businesses and innovation, and substitute their own financial interests for the broader interests of the American people,” Warren also wrote.

Mergers and proprietary marketplaces have played a big role in limiting competition, Warren argued.

“Many big tech companies own a marketplace —where buyers and sellers transact — while also participating on the marketplace,” Warren wrote. “This can create a conflict of interest that undermines competition. Amazon crushes small companies by copying the goods they sell on the Amazon Marketplace and then selling its own branded version. Google allegedly snuffed out a competing small search engine by demoting its content on its search algorithm, and it has favored its own restaurant ratings over those of Yelp.”

The US government has allowed this to happen with weak antitrust enforcement, Warren wrote. Warren urged supporters of her plan to sign a petition.

Consumer advocacy group Public Knowledge applauded Warren’s plan, saying that large Internet platforms are able to “discriminate in favor of their own products and services, making it harder for small businesses to thrive, diminishing consumer choice, and potentially increasing prices.”

The Information Technology and Innovation Foundation, a think tank, argued that breaking up large companies will hurt consumers by reducing convenience. The organization wrote that Warren’s plan “ignores the fact that many of the services big tech companies now provide free used to cost consumers money.”

Warren argued that her plan won’t deprive consumers of the benefits of Amazon, Google, and Facebook. What will change, she wrote, is that “small businesses would have a fair shot to sell their products on Amazon without the fear of Amazon pushing them out of business. Google couldn’t smother

competitors by demoting their products on Google Search. Facebook would face real pressure from Instagram and WhatsApp to improve the user experience and protect our privacy. Tech entrepreneurs would have a fighting chance to compete against the tech giants.”

https://arstechnica.com/?p=1470713