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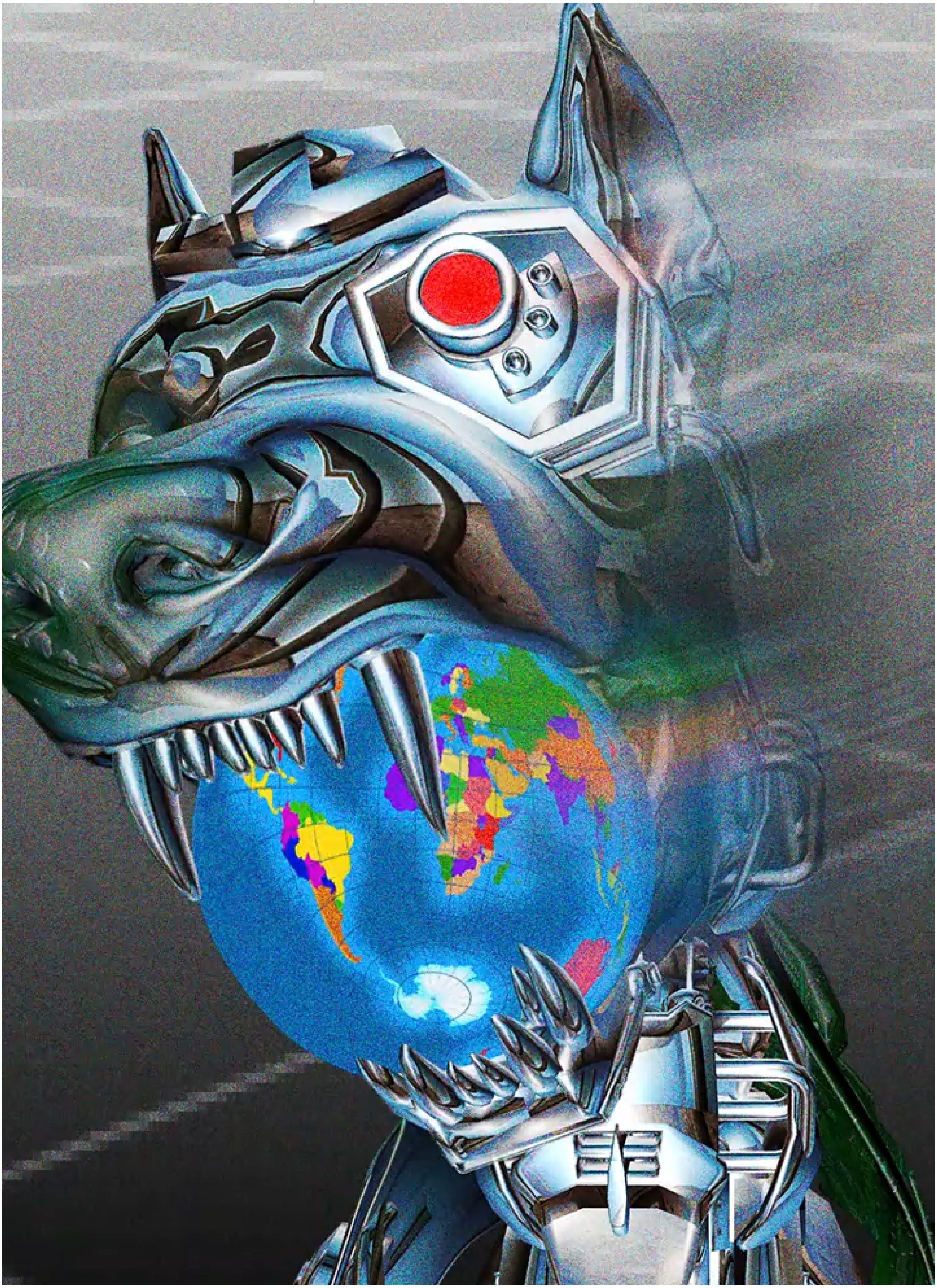

A Global Tipping Point for Reining In Tech Has Arrived

Never before have so many countries, including China, moved with such vigor at the same time to limit the power of a single industry.

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China fined the internet giant Alibaba a record $2.8 billion this month for anticompetitive practices, ordered an overhaul of its sister financial company and warned other technology firms to obey Beijing's rules.

Now the European Commission plans to unveil far-reaching regulations to limit technologies powered by artificial intelligence.

And in the United States, President Biden has stacked his administration with trustbusters who have taken aim at Amazon, Facebook and Google.

Around the world, governments are moving simultaneously to limit the power of tech companies with an urgency and breadth that no single industry had experienced before. Their motivation varies. In the United States and Europe, it is concern that tech companies are stifling competition, spreading misinformation and eroding privacy; in Russia and elsewhere, it is to silence protest movements and tighten political control; in China, it is some of both.

While nations and tech firms have jockeyed for primacy for years, the latest actions have pushed the industry to a tipping point that could reshape how the global internet works and change the flows of digital data.

Australia passed a law to force Google and Facebook to pay publishers for news. Britain is creating its own tech regulator to police the industry. India adopted new powers over social media. Russia throttled Twitter's traffic. And Myanmar and Cambodia put broad internet restrictions in place.

Noting the power of digital platforms, Margrethe Vestager, a European Commission official, said in a recent speech that "we need something more to keep that power in check." Pool photo by Olivier Hoslet

China, which had left its tech companies free to compete and consolidate, tightened restrictions on digital finance and sharpened an antimonopoly law late last year. This year, it began compelling internet firms like Alibaba, Tencent and ByteDance to publicly promise to follow its rules against monopolies.

"It is unprecedented to see this kind of parallel struggle globally," said Daniel Crane, a law professor at the University of Michigan and an antitrust expert. American trustbusting of steel, oil and railroad companies in the late 19th and early 20th centuries was more confined, he said, as was the regulatory response to the 2008 financial crisis.

Now, Mr. Crane said, "the same fundamental question is being asked globally: Are we comfortable with companies like Google having this much power?"

Underlying all of the disputes is a common thread: power. The 10 largest tech firms, which have become gatekeepers in commerce, finance, entertainment and communications, now have a combined market capitalization of more than $10 trillion. In gross domestic product terms, that would rank them as the world's third-largest economy.

Yet while governments agree that tech clout has grown too expansive, there has been little coordination on solutions. Competing policies have led to geopolitical friction. Last month, the Biden administration said it could put tariffs on countries that imposed new taxes on American tech companies.

The result is that the internet as it was originally conceived — a borderless digital space where ideas of all stripes contend freely — may not survive, researchers said. Even in parts of the world that do not censor their digital spaces, they said, a patchwork of rules would give people different access to content, privacy protections and freedoms online depending on where they logged on.

“The idea of an open and interoperable internet is being exposed as incredibly fragile,” said Quinn McKew, executive director of Article 19, a digital rights advocacy group.

Tech companies are fighting back. Amazon and Facebook have created their own entities to adjudicate conflicts over speech and to police their sites. In the United States and in the European Union, the companies have spent heavily on lobbying.

An Apple Store in Beijing. Regulators have examined whether Apple uses its grip on its App Store to overcharge developers. Lam Yik Fei for The New York Times

Some of them, acknowledging their power, have indicated support for more regulations while also warning about the consequences of a splintered internet.

“The decisions lawmakers make in the months and years ahead will have a profound impact on the internet, international alliances and the global economy,” said Nick Clegg, Facebook’s vice president of policy and communications.

Mr. Clegg, a former British deputy prime minister, added that Facebook hoped "the techno-democracies in the U.S., Europe, India and elsewhere" would "work together to preserve and enhance the democratic values at the heart of the open internet and prevent it from fragmenting further."

Kent Walker, Google's senior vice president of global affairs, also called for nations to coordinate. "Balkanized, inconsistent regulations won't help and could actually make things worse," he said. "But done right, well-aligned rules can promote innovation, increase competitiveness and help consumers and small businesses."

Amazon said it welcomed scrutiny, but "the presumption that success can only be the result of anticompetitive behavior is simply wrong."

Apple, Alibaba, its sister financial company Ant Group, and the Chinese gaming and social media giant Tencent, which owns the WeChat app, declined to comment.

While a tech backlash has gathered momentum for years, it escalated in December. That was when regulators and lawmakers globally made a series of announcements on two main paths of attack against the industry: antitrust and content moderation.

On Dec. 9, the Federal Trade Commission and nearly every state filed bipartisan lawsuits accusing Facebook of acting anticompetitively. Less than a week later, European policymakers introduced a competition law and new requirements for blocking online hate speech. On Dec. 24, Chinese regulators opened an antitrust investigation into Alibaba after scuppering an initial public offering from Ant.

Antitrust and content moderation have been where tech companies are most vulnerable. Google, Facebook, Apple, Alibaba, Amazon and other companies clearly dominate online advertising, search, e-commerce and app marketplaces, and have faced questions about whether they have unduly used their clout to buy competitors, promote their own products ahead of others and block rivals.

The companies also face scrutiny about how hate speech and other noxious online material can spill into the offline world, leading to calls to better control content.

The antitrust push has especially sharpened in the United States, with landmark suits filed against Google and Facebook last year. Republican and Democratic lawmakers have said they are drafting new antitrust, privacy and speech regulations targeting Facebook, Google, Apple and Amazon. They have also proposed trimming a law that shields sites like YouTube, which Google owns, from lawsuits over content posted by their users.

“This is a monopoly moment. Not just for the United States but for the entire world,” the chairman of the House antitrust subcommittee, David Cicilline, Democrat of Rhode Island, said in a statement. “Countries need to work together in order to take on the monopoly power held by the largest tech platforms and restore competition and innovation to the digital economy.”

Mr. Biden has also picked tech critics for key administration roles. Tim Wu, a law professor who supports a breakup of Facebook, joined the White House last month, while Lina Khan, a law professor who has been influential on tech antitrust, was nominated to a seat on the Federal Trade Commission.

Tim Wu, a law professor who supports a breakup of Facebook, joined the White House in March. Valerie Chiang for The New York Times

In Brussels, European Union officials are working on new laws to force Facebook, Twitter and YouTube to speedily remove toxic material and disclose more information about what they allow on their sites. A proposed antitrust law would also lower the threshold for intervention against platforms.

European officials are also taking aim at emerging technologies before they become mainstream. Draft regulations, to be released on Wednesday, will address the risks of artificial intelligence, potentially restricting how companies use the software to make decisions and influence people's behavior.

"As the power of digital platforms has grown, it's become increasingly clear that we need something more to keep that power in check," Margrethe Vestager, the European Commission executive vice president overseeing digital policy, said in a recent speech.

Some tech companies have issued legal threats and ultimatums against the new rules. But they have also bowed to government demands in several countries.

Australia offers a glimpse of that. Over the last year, the country dueled with Google and Facebook over a proposed law that would require them to pay news publishers for content shared on their platforms. To protest the legislation, Google threatened to make its search engine unavailable in Australia. In February, Facebook blocked the sharing of news links completely.

Tim Berners-Lee, the inventor of the World Wide Web and a critic of tech power, said he opposed the Australian law because people would not be able to link freely on the web. He called that "inconsistent with how the web has been able to operate over the past three decades."

Australia passed the law anyway. Facebook and Google are now paying some media companies for news.

The starkest turn against the tech companies has been in China. For years, Beijing blocked foreign websites and policed content on domestic platforms, but let homegrown tech firms like Alibaba and Tencent buy rivals, develop new products and expand.

That changed last year. In regulatory and legal proposals, Beijing telegraphed its desire to bring to heel an industry characterized by cutthroat competition and huge influence over sensitive political issues like labor and data security.

Even so, few were prepared for the whip-crack speed of Beijing's enforcement. In November, officials halted Ant's initial public offering days before it was scheduled, then opened the antimonopoly investigation into Alibaba in December. The one-two punch was a shocking blow to Jack Ma, Alibaba's founder and an entrepreneurial icon, who in October had riled state media after he likened state-run banks to pawnshops.

Beijing ratcheted up pressure on Mr. Ma's companies this month with the $2.8 billion fine of Alibaba. On April 12, China also ordered Ant to undergo a "rectification plan" to change the way it runs investment and credit products.

The next day, regulators summoned 34 of China's largest internet firms, including Tencent and ByteDance, the owner of the video site TikTok, and instructed them to "give full play to the cautionary example of the Alibaba case." The companies were given a month to conduct a self-inspection and publicly promise to curb anticompetitive behavior and follow Chinese laws on everything from data protection and taxes to speech.

Within a day, ByteDance had pledged to "actively follow the guidance of law enforcement." Baidu, a search engine, vowed to "resolutely curb false propaganda."

"China's leaders take very seriously having a subservient, quiescent private sector," said Jude Blanchette, a China scholar at the Center for Strategic and International Studies in Washington.

Even before the meeting, at least one Chinese tech executive had gotten the message. On a call with analysts last month, Martin Lau, Tencent's president, struck a conciliatory tone toward the authorities.

"I think it's important for us to understand even more about what the government is concerned about," he said. Tencent, he added, will "be even more compliant."