ePortfolio Article

Kovacevich, Adam. “Take It from a Software Engineer: Big Tech's Monopoly Is Stifling Innovation: Opinion.” *Newsweek*, Newsweek, 27 June 2022, https://www.newsweek.com/take-it-software-engineer-big-techs-monopoly-stifling-innovation-opinion-1718646.

Summary:

The article is an opinionated piece in which the author that covers the monopoly big tech is accruing and how it impacts the lives of consumers, workers, and companies that wish to enter the industry.

Analysis:

The author clearly has an issue with the monopoly[1] (the exclusive possession or control of the supply of or trade in a commodity or service.) that the “Big Five'' or “MAMAA” (Meta, Apple, Microsoft, Amazon, Alphabet), companies have in the tech sector[2] (The technology sector is the category of stocks relating to the research, development, or distribution of technologically based goods and services.). The article addresses the monopoly and how Congress wishes to have government intervention[3] (Governmental intervention is the intentional interference of a government in a country's economic system through regulatory actions) in MAMAA’s growing monopoly on tech. The “Big Five '' use a method of self preferencing[4] (large online platforms from using their dominance in one field to give other products an unfair advantage)in that they can promote their own products at a higher rate using their own search engines. See apple and google using safari and chrome respectively to list their products higher on a search result than competitors[5] (an organization or country engaged in commercial or economic competition with others.), thus giving a near unfair advantage to the larger companies who dominate more of the sector.

Congress is now left to decide whether these actions such as self-preference are a breach of United States Antitrust Policy[6] (antitrust law is a collection of mostly federal laws that regulate the conduct and organization of businesses to promote competition and prevent unjustified monopolies.). As of writing this analysis, Congress is currently pushing for an autumn bill in which would regulate[7] (Regulatory economics is the economics of regulation. It is the application of law by government or regulatory agencies for various purposes, including remedying market failure, protecting the environment and economic management.) how google and apple can list and prioritize their views in their search engines as well as other measures such as how Apple would have to allow third party payment systems.

The article also points out how consumers[8] (a person who purchases goods and services for personal use.) are missing out on the perfect market[9] (In economics, specifically general equilibrium theory, a perfect market, also known as an atomistic market, is defined by several idealizing conditions, collectively called perfect competition, or atomistic competition.)

due to the massive tech companies buying out smaller companies and thus eliminating competition[10] (In economics, competition is a scenario where different economic firms are in contention to obtain goods that are limited by varying the elements of the marketing mix: price, product, promotion and place.) and promoting their monopolies. The article gives Google Maps vs Waze as an example, in which now as a result Google owns 80% of the online maps market, while also pointing out how software developers were exploited[11] (Exploitation of labor is a concept defined as, in its broadest sense, one agent taking unfair advantage of another agent.) in the process.

Later in the article, the author brings up the idea that the future could behold a lack of entrepreneurs[12] (a person who organizes and operates a business or businesses, taking on greater than normal financial risks in order to do so.) who would not be able to compete with the larger companies, and could stifle innovation economics[13] (Innovation economics is new and growing field of economic theory and applied and experimental economics that emphasizes innovation and entrepreneurship.) in the entire tech industry. By having such hard barriers to entry[14] (Barriers to entry are the costs or other obstacles that prevent new competitors from easily entering an industry or area of business.), this could limit the incentives for startups[15] (a newly established business.).

In Conclusion, we can see from the author's analysis as someone who works in the industry[16] (In macroeconomics, an industry is a branch of an economy that produces a closely-related set of raw materials, goods, or services.) that the monopolistic competition[17] (Monopolistic competition characterizes an industry in which many firms offer products or services that are similar (but not perfect) substitutes.) The industry is crippling to innovation. The constant acquisitions[18] (An acquisition is when one company purchases most or all of another company's shares to gain control of that company.) of new firms[1] (Broadly speaking, the definition of a 'firm' in the field of economics is any company that seeks to make a profit by manufacturing or selling products or services – or both – to consumers.) by larger ones can be seen as a win-win to many, but innovation limits the minds and creation of new groundbreaking products.

There's a critical debate in Washington happening right now that will shape the future of technological innovation for decades to come. In response to an internet that has grown increasingly calcified, with only a handful of large players dominating commercial activity, Congress has actually stepped up to the plate: The Senate and House are poised to pass bipartisan legislation that would create a more level playing field for startups and entrepreneurs to compete. The bill, S2992 or the American Innovation and Choice Online Act, was introduced by Senators Klobuchar and Grassley to end platform overreach by the world's largest tech companies like Facebook and Google.

And we in the community of independent developers are closely watching its progress.

The bill would address an obvious problem: A few dominant tech companies have become gatekeepers of the internet, boosting their own products and undermining smaller competitors.

Consider the story of one of the most popular features on a smartphone, the maps app. Ten years ago, Google and Waze were two competing companies offering searchable maps and turn-by-turn navigation. Then Google bought Waze, and now it owns 81 percent of the maps market, in part by what's known as "self-preferencing"—favoring Google Maps and its own local business ratings when users look for a location on Google Search. And then Google went even further: Since 2018, it has increased prices 1,400 percent for developers who use the Google Maps Platform.

SAN FRANCISCO, CALIFORNIA - APRIL 26: A sign is posted in front of a Google office on April 26, 2022 in San Francisco, California. Google parent company Alphabet will report first quarter earnings today after the closing bell.

JUSTIN SULLIVAN/GETTY IMAGES

That's just one example where consumers lost out on a competitive marketplace fighting to serve them, while developers were effectively extorted, just so a massive company could get even bigger.

No industry, let alone tech, should be ruled by such powerful, anti-competitive companies.

It's easy to see how ordinary internet users miss out on better products and services improvements in the short-term. But what we too often miss is how the status quo could hurt innovation in America over the long term. Google, Apple, Meta, and Amazon all have similar origin stories: Highly motivated, talented founders took risks and hustled to build their small companies in a new industry that simply did not have huge conglomerates constantly on the prowl, ready to buy or co-opt anything that smells like real innovation.

Unless we restore competition in the tech industry, we will lose out on the next generation of great tech entrepreneurs, because they simply won't be able to compete with Big Tech.

I was drawn to software engineering in part because of the freedom and creativity inherent in the craft. Many engineers can make a great living working for the big tech companies. But America will lose out unless we create an environment where at least some of our brightest minds strike out on their own to disrupt an existing market or create a new one. They won't have the incentive if we continue to let tech become a playground for billionaires. We need an even playing field where the best ideas and products win the day, for the sake of consumers, but also for the future of the tech industry as a whole.

The reforms in AICO are not pie-in-the-sky overhauls. They are modest. The bill would reinvigorate competition by prohibiting the largest tech platforms from artificially favoring their own services over their competitors'.

We're talking about fixes on the margins to prohibit things like the largest platforms self-preferencing their own products on search results. We're *not* talking about breaking these companies up. Innovators just want a shot to compete, but the marketplace has to actually be competitive.

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It is incredibly disheartening to watch politicians in Washington lose touch with what their constituents want when we're so united. The overwhelming majority of Americans, Democrats and Republicans, support legislation to stop companies from using their size to hurt small businesses.

Meanwhile, tech companies are doing everything in their power to block AICO, spending millions of dollars trying to scare people into thinking basic, pro-competition reforms will destroy Amazon Prime and iMessage. They're even running a misleading shadow campaign to convince the world that everyday consumers are on their side.

Take it from me, an independent software engineer: Tech industry opposition to bipartisan tech reform isn't rooted in honest concern for American competitiveness. It's self-serving, baseless hyperbole rooted in fear of losing the ability to stifle competition and juice their record profits.

Adam Kovacevich is an independent developer based near Atlanta, Georgia.

The views expressed in this article are the writer's own.