

# Unfair Advantage

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# China and Big Tech

- Big tech and government control
- Cyber Attacks and Trade Secrets
- \$1.4 Trillion investment for future power grab

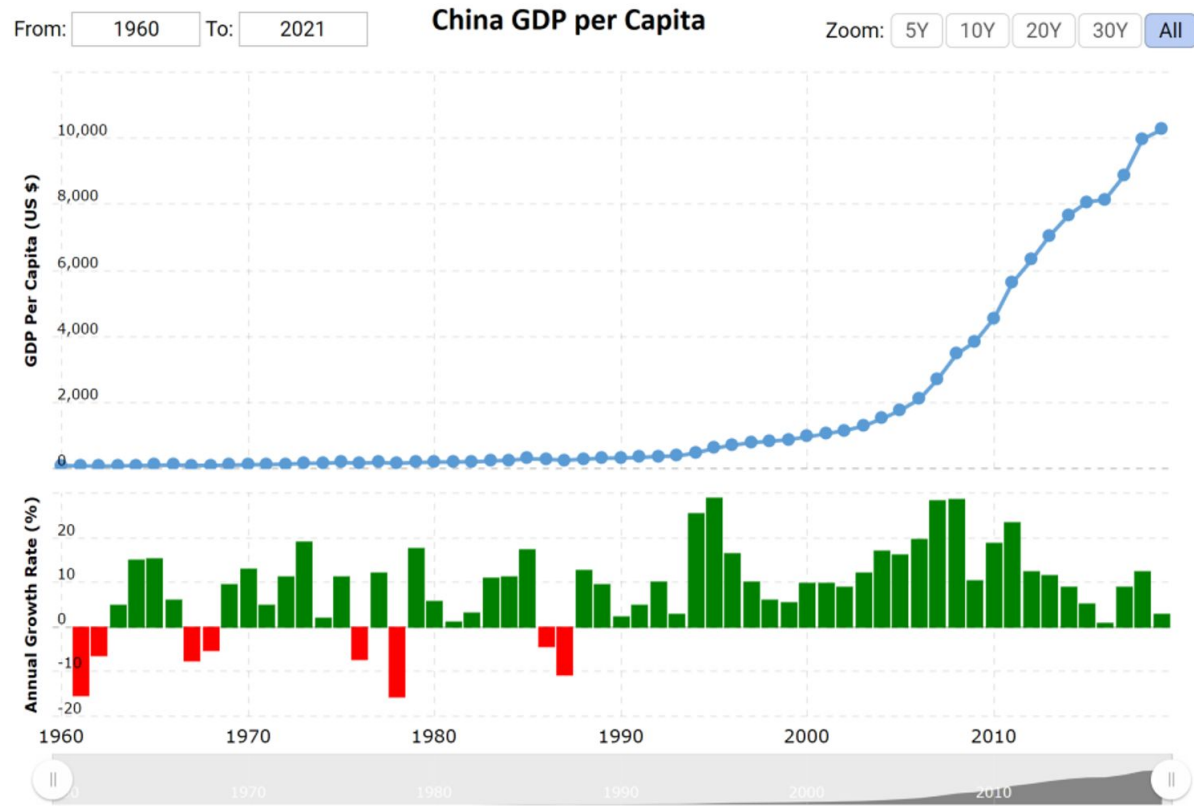
# Big Tech Power Struggles



VS



# Cyber Attacks and Trade Secrets



# \$1.4 Trillion

Investment in technological infrastructure

Does Amazon Have An  
Unfair Competitive Advantage?

# AWS

- Amazon Web Services is by far the leader in the cloud computing, controlling over 34% of the market
- AWS has over 1 million customers (companies)
- Amazon's services make it super easy and cheap to start up an online business
- Many online retailers use AWS, and so Amazon controls the framework that its own competitors depend on

# Marketplace

- Amazon controls 50% or more of e-commerce in the US (House Judiciary Committee Report, CNBC)
- Almost half of all online buyers go directly to Amazon to search for products
- Amazon started as an online bookstore, and now controls 50% of the book market

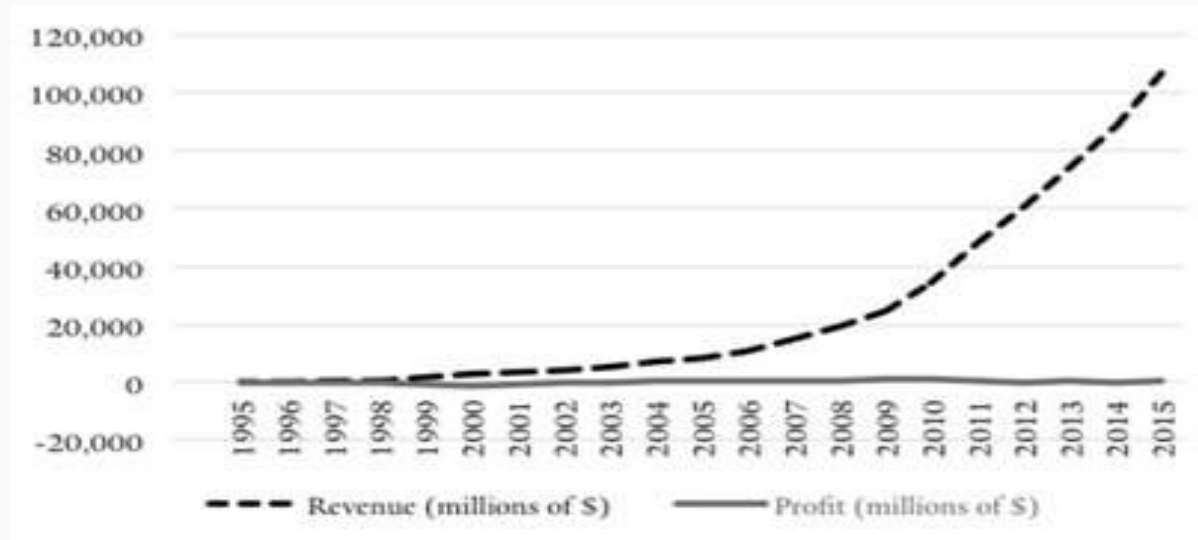


# Amazon VS Hachette (2014)

- Hachette is a French publishing company
- During the time of negotiations over who would have control over Hachette's books' pricing in the Amazon marketplace, Amazon pulled many of Hachette's books from its store in order to increase pressure
- Amazon also stopped discounts on Hachette books, and delayed shipping for many of them

# Amazon's Aggressive Business Strategy

- Amazon chooses to forego profits in favor of expansion



# Vertical Integration

- Vertical Integration is where “two or more successive stages of production and/or distribution of a product are combined under the same control.”  
(Robert H Cole, *General Discussion of Vertical Integration*)
- Amazon has moved beyond online retail - software infrastructure, shipping, payment, and more.
- Amazon has in most cases expanded into these different areas by acquiring existing firms

# Horizontal Power

- Amazon's dominance makes it easier for it to expand into other areas
- Amazon's market dominance and power is both wide and deep

- Because “horizontal power in one market or stage of production creates ‘leverage’ for the extension of the power to bar entry at another level,” vertical integration combined with horizontal market power “can impair competition to a greater extent than could the exercise of horizontal power alone.”

(Kessler and Stern, *Competition, Contract, and Vertical Integration*)

# The Argument For Amazon

- To this point, Amazon has been at least mostly a positive force for both consumers and for competition within the market
- Amazon's marketplace helps companies to sell more products, reduces costs for the company, and reduces price for consumers
- AWS and their cloud computing resources removes a huge barrier to entry for online retailers. This makes it easier for companies to enter the market and to scale efficiently
- **Customers and companies use Amazon because Amazon provides value to them**

# The Argument Against Amazon

- Competition is not all about prices
- The House Judiciary Committee concluded that Amazon's role as a dominant provider of cloud-computing services and its power in other markets creates a conflict of interest that "Amazon has the incentive and ability to exploit." (CNBC)
- Historically the FTC's unfair advantage laws have focused on consumer good (ex: a company being able to arbitrarily raise prices)
- Amazon encourages and engages in competitive pricing, but this doesn't account for the unfair network power that Amazon has.

- *“Focusing primarily on price and output undermines effective antitrust enforcement by delaying intervention until market power is being actively exercised, and largely ignoring whether and how it is being acquired. In other words, pegging anticompetitive harm to high prices and/or lower output—while disregarding the market structure and competitive process that give rise to this market power—restricts intervention to the moment when a company has already acquired sufficient dominance to distort competition.”*

- Lena M. Khan, *Amazon’s Antitrust Paradox*, Yale Law Journal 2017





# Digital Media's Unfair Advantage

# CDA Section 203

Serves 2 main functions:

- Protect Internet providers from liability of anything posted on their internet by their customers
- Protect technology companies from liability of any information spread using their technology

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**“No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”**

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# The Unfair Advantage



This protection also applies to Digital Media companies like Facebook, Google, Twitter, and other social media platforms. This law *does not* protect Physical Media companies, or companies that produce physical goods, like magazine publishers, journalists, and most online businesses.

This is a perfect example of “legal unfair advantage” meaning although the use of this advantage is unethical, there are no legal ramifications to capitalizing off of it, meaning there is some justification to allow this advantage to bring profit to your business.

# Why is this Unfair?

-Physical Media companies have to be extremely careful about what information is given to their consumers. They are liable for the actions caused by any claims they make, any causes they promote, and any information they spread through their platform.

-Digital Media companies have no requirement like this, so they can spread whatever information they want without verifying the truth of it, or understanding how this will affect people. They are also free to censor whatever information they want too, without substantial reasoning.

Digital Media companies are not held to any ethical standard for the things they allow shared through use of their technology, so they can capitalize off of the spreading of false or controversial information, while Physical Media companies cannot profit off the same use of information.

# Example - Facebook

In 2019, Facebook was ordered to pay a \$5 billion settlement for the misuse of user privacy settings.

In order to guarantee users sharing personal information with them (so that they could monetize this information with targeted ads), Facebook promised that private information given to Facebook was well protected, and would be kept private based on user preference.

However, 3rd party apps (that Facebook knew violated platform rules) were given private user info by Facebook.

Facebook tried to bank on the CDA Section 230, and ultimately was found in the wrong because of deliberate deception of its user base.



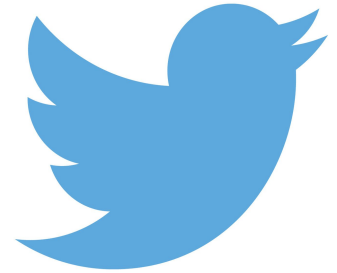
# Another Example - Twitter

In late 2020, Twitter banned the account of President Donald Trump on the accusation that Trump's tweets were inciting violence and unrest in the American people.

Many other conservative platforms on twitter were also silenced, which alienated a large portion of Twitter's user base, causing them to leave the platform altogether.

Many accused Twitter of having a double standard, only allowing political information to be posted if they agreed with it.

While there were no legal repercussions of the censoring of this information, Twitter did lose over \$5 billion in total stock market value, because many investors felt that Twitter was no longer a safe place for their money.



# Neutralizations

Denial of Responsibility - By CDA Sec. 203

Denial of Victim - “They knew what they signed up for”

Appeal to Normalcy - “We have to do this to compete with other Social Media Platforms”



# Sources

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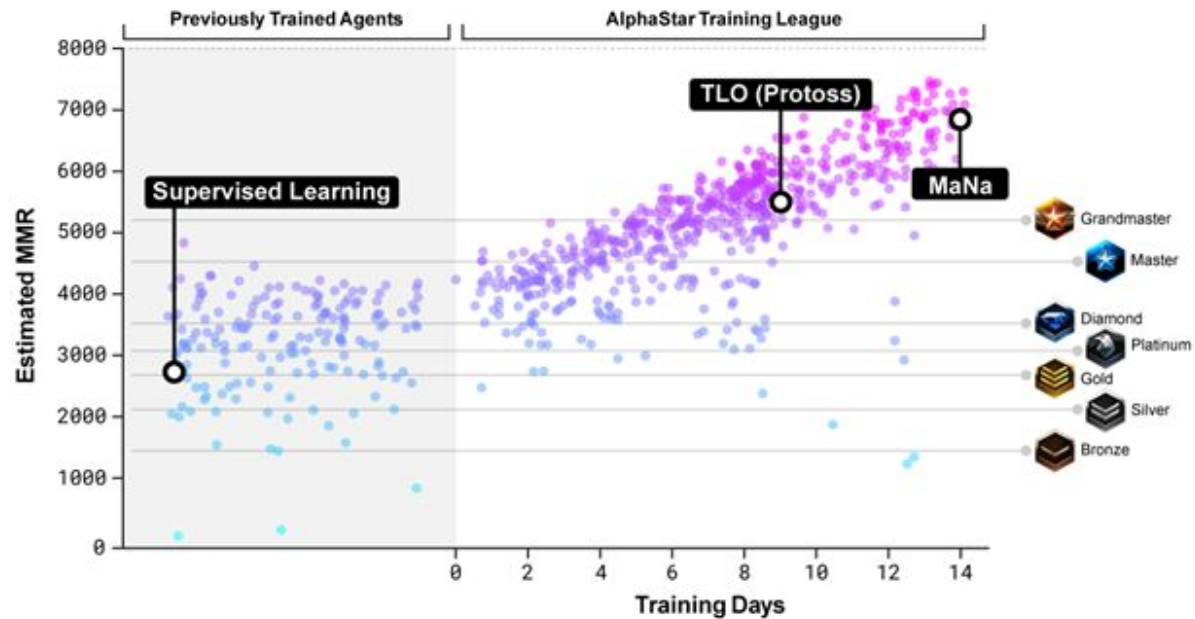
<https://www.ftc.gov/news-events/press-releases/2019/07/ftc-imposes-5-billion-penalty-sweeping-new-privacy-restrictions>

# AlphaStar: The Starcraft Bot

# Starcraft



# AlphaStar Training Days VS Rank



# Even Playing Ground?

AlphaStar's increased clicking efficiency

The way AlphaStar sees the map

API used for raw data

# Just A Game?

Denial of Victim

Competitions/rankings

# Just A Game?

Denial of Injury

Competitions

Rankings

# Sources

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