

# 5.3 — Antitrust III: The Hipsters

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 [iOS23.classes.ryansafner.com](https://ios23.classes.ryansafner.com)



# Outline



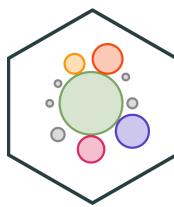
The Unique Economics of Platforms

The Paradox of Antitrust

Historical Revisionism of the Gilded Age

The Legislative History & Intent of Sherman Act

# Antitrust III: Big Tech & Hipster Antitrust



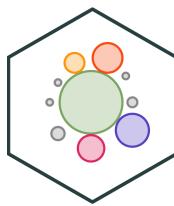
Today:

- Unique economics of platforms
  - Network effect
  - Multi-sided markets
- Hipster Antitrust
  - Kahn's critique of Amazon
  - Antitrust issues in Big Tech
  - Replacement of consumer welfare standard?



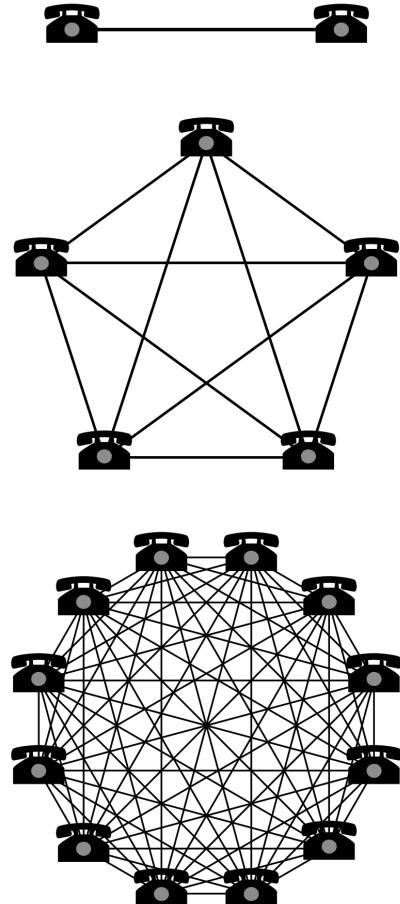
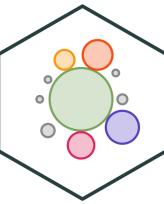
# The Unique Economics of Platforms

# Network Effects



- **Network Economies:** the value of using a particular product increases with the number of people already using the product (or expected to join)
  - A positive externality
- **Examples:**
  - Railroad track gauge
  - Cellular networks (especially pre-2004)
  - Bank & ATM networks
  - Payment networks (Venmo, Square, etc.)
  - Operating system (Android, Apple)

# Network Effects



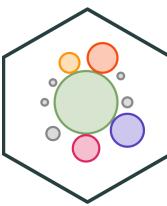
- **Metcalfe's Law:** the number of connections on a network increases proportional to the *square* of the number of users

$$\text{connections} = \frac{n(n - 1)}{2}$$

- $n = 2 \implies 1$  connection
- $n = 5 \implies 10$  connections
- $n = 12 \implies 66$  connections

- As  $\lim_{n \rightarrow \infty}$  connections =  $n^2$

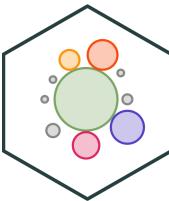
# Path Dependence and Lock-In



		Player 2	
		Standard A	Standard B
		Standard A	2
Player 1	Standard A	2	1
	Standard B	1	2
		1	2

- Often a battle of standards
- A **Coordination Game**
  - Two Nash equilibria (A, A) and (B, B)
  - Either just as good
  - Coordination is most important

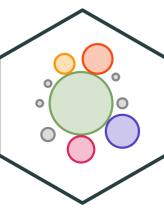
# Path Dependence and Lock-In



		Player 2	
		Standard A	Standard B
		Standard A	3
Player 1	Standard A	3	1
	Standard B	1	2
		1	2

- **Path Dependence:** early choices may affect later ability to choose or switch
- **Lock-in:** the switching cost of moving from one equilibrium to another becomes prohibitive

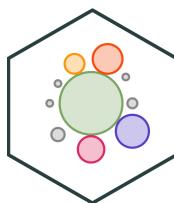
# Inefficient Lock-In



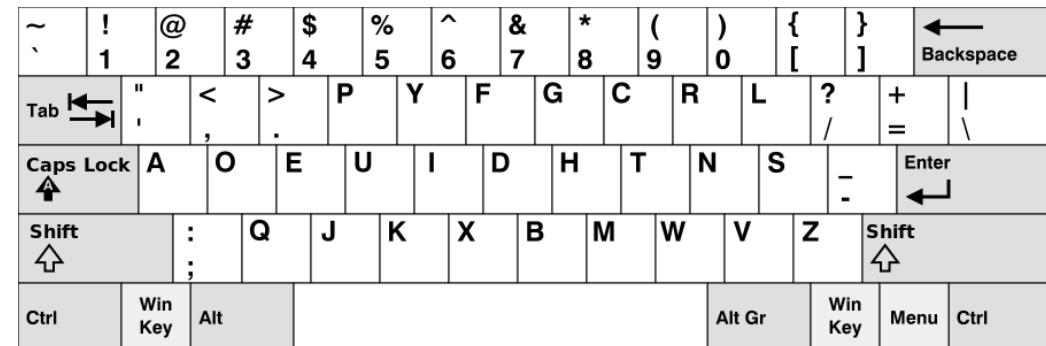
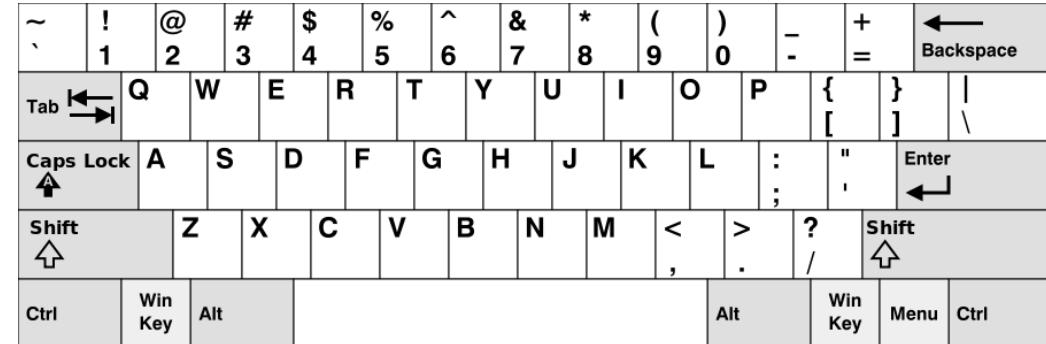
		Player 2	
		Standard A	Standard B
		Standard A	3
Player 1	Standard A	3	1
	Standard B	1	2

- Suppose we are currently in equilibrium ( $B, B$ )
- Inefficient lock-in:
  - Standard A is superior to B
  - But too costly to switch from B to A

# Alleged Example of Lock-In

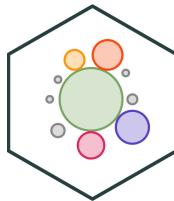


		Player 2	
		Dvorak	QWERTY
Dvorak		3	1
Player 1		3	1
QWERTY	1	2	1
		1	2



David, Paul A, 1985, "Clio and the Economics of QWERTY," *American Economic Review*, 75(2):332-337

# Alleged Example of Lock-In



## Clio and the Economics of QWERTY

By PAUL A. DAVID\*

Cicero demands of historians, first, that we tell true stories. I intend fully to perform my duty on this occasion, by giving you a homely piece of narrative economic history in which “one damn thing follows another.” The main point of the story will become plain enough: it is sometimes not possible to uncover the logic (or illogic) of the world around us except by understanding how it got that way. A *path-dependent* sequence of economic changes is one of which important influences upon the eventual outcome can be exerted by temporally remote events, including happenings dominated by chance elements rather than systematic forces. Stochastic processes like that do not converge automatically to a fixed-point distribution of outcomes, and are called *non-ergodic*. In such circumstances “historical accidents” can neither be ignored, nor neatly quarantined for the purpose of economic analysis; the dynamic process itself takes on an *essentially historical* character. Standing alone, my story will be simply illustrative and does not establish how much of the world works this way. That is an open empirical issue and I would be presumptuous to claim to have settled it, or to instruct you in what to do about it. Let us just hope the tale proves mildly diverting for those waiting to be told if and why the study of economic history is a necessity in the making of economists.

### I. The Story of QWERTY

Why does the topmost row of letters on your personal computer keyboard spell out QWERTYUIOP, rather than something else? We know that nothing in the engineering of computer terminals requires the awkward keyboard layout known today as “QWERTY,” and we all are old enough to remember that QWERTY somehow has been handed down to us from the Age of Typewriters. Clearly nobody has been persuaded by the exhortations to discard QWERTY, which apostles of DSK (the Dvorak Simplified Keyboard) were issuing in trade publications such as *Computers and Automation* during the early 1970’s. Why not? Devotees of the keyboard arrangement patented in 1932 by August Dvorak and W. L. Dealey have long held most of the world’s records for speed typing. Moreover, during the 1940’s U.S. Navy experiments had shown that the increased efficiency obtained with DSK would amortize the cost of retraining a group of typists within the first ten days of their subsequent full-time employment. Dvorak’s death in 1975 released him from forty years of frustration with the world’s stubborn rejection of his contribution; it came too soon for him to be solaced by the Apple IIC computer’s built-in switch, which instantly converts its keyboard from QWERTY to virtual DSK, or to be further aggravated by doubts that the switch would not often be flicked.

## THE FABLE OF THE KEYS\*

S. J. LIEBOWITZ and STEPHEN E. MARGOLIS  
North Carolina State University

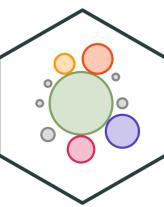
### I. INTRODUCTION

THE term “standard” can refer to any social convention (standards of conduct, legal standards), but it most often refers to conventions that require exact uniformity (standards of measurement, computer-operating systems). Current efforts to control the development of high-resolution television, multitasking computer-operating systems, and videotaping formats have heightened interest in standards.

The economic literature on standards has focused recently on the possibility of market failure with respect to the choice of a standard. In its strongest form, the argument is essentially this: an established standard can persist over a challenger, even where all users prefer a world dominated by the challenger, if users are unable to coordinate their choices. For example, each of us might prefer to have Beta-format videocassette recorders as long as prerecorded Beta tapes continue to be produced, but individually we do not buy Beta machines because we don’t think enough others will buy Beta machines to sustain the prerecorded tape supply. I don’t buy a Beta format machine because I think that you won’t; you don’t buy one because you think that I won’t. In the end, we both turn out to be correct, but we are both worse off than we might have been. This, of course, is a catch-22 that we might suppose to be common in the economy. There will be no cars until there are gas stations; there will be no gas stations until there are cars. Without some way out of this conundrum, joyriding can never become a favorite activity of teenagers.<sup>1</sup>

\* Earlier drafts benefited from seminars at Clemson University and North Carolina State

# Types of Lock-In

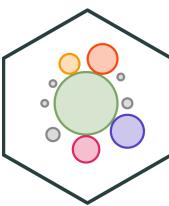


		Player 2	
		Standard A	Standard B
		Standard A	2
Player 1	Standard A	2	1
	Standard B	1	2
		1	2

- “First-degree” path dependency:
  - Sensitivity to initial conditions
  - But no inefficiency
- Examples:
  - language
  - driving on left vs. right side of road

Liebowitz, Stan J and Stephen E Margolis, 1990, "The Fable of the Keys," *Journal of Law and Economics*, 33(1):1-25

# Types of Lock-In



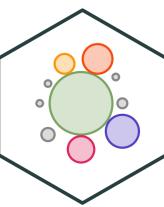
		Player 2	
		Standard A	Standard B
		Standard A	?
Player 1	Standard A	?	1
	Standard B	1	?
		1	?

Later:

		Player 2	
		Standard A	Standard B
		Standard A	1
Player 1	Standard A	3	1
	Standard B	1	2
		1	2

- “Second-degree” path dependency:
  - Sensitivity to initial conditions
  - Imperfect information at time of choice
  - Outcomes are regrettable *ex post*
- Not inefficient: no better decision could have been made *at the time*

# Types of Lock-In



		Player 2	
		Standard A	Standard B
		Standard A	3
Player 1	Standard A	3	1
	Standard B	1	2
		1	2

- “Third-degree” path dependency:
  - Sensitivity to initial conditions
  - Worse choice made (**A, A**)
  - Avoidable mistake at the time
- Inefficient lock-in (**A, A**)

Liebowitz, Stan J and Stephen E Margolis, 1990, "The Fable of the Keys," *Journal of Law and Economics*, 33(1):1-25

# Technological Choice and Uncertainty

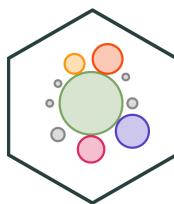
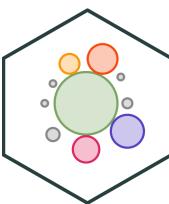


Table 2  
*An Example: Adoption Payoffs for Homogeneous Agents*

Number of previous adoptions	0	10	20	30	40	50	60	70	80	90	100
Technology A	10	11	12	13	14	15	16	17	18	19	20
Technology B	4	7	10	13	16	19	22	25	28	31	34

- In the **long-run**, suppose, Technology **B** is superior
- But in the **short-run**, Technology **A** has higher payoffs
- Choosing **A** leads to inefficient lock-in
- But what about **uncertainty**?
  - What set of institutions will choose best under uncertainty?

# Technological Choice and Uncertainty



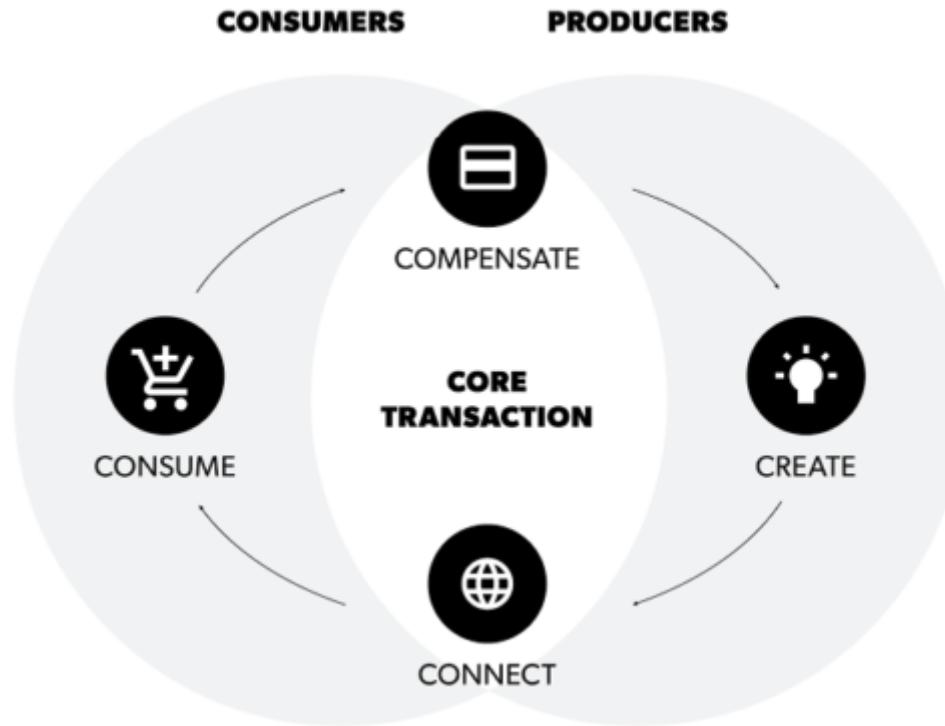
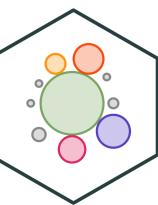
- Role for **entrepreneurial judgment** and “championing” a standard
  - Someone who “owns” a standard has strong incentive to ensure it becomes widely adopted
- Champions who forecast higher long-term payoffs can subsidize adoption in the short run

Arthur, W. Brian, 1989, "Competing Technologies, Increasing Returns, and Lock-In by Historical Events," *Economic Journal* 99(394): 116-131



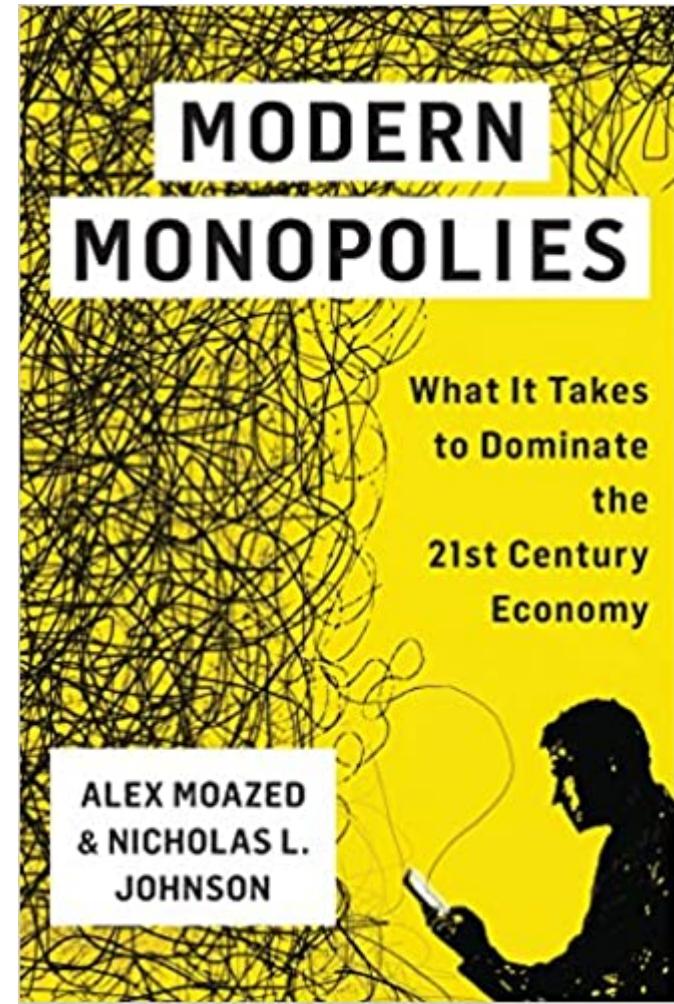
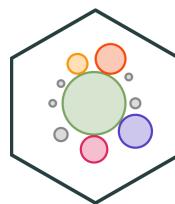
# Platforms

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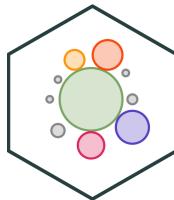


- A **multi-sided market** or a “**platform**” is a managed marketplace where an intermediary matches together two different groups of users to exchange
  - Platform itself is often a business, helping to match users together across groups for a fee
- Simple example: newspapers
  - Group A: readers
  - Group B: advertisers

# Platforms



# The Digital Disruption is Here



DJA 23451.67 1.88% ▲ S&P 500 2792.80 2.06% ▲ U.S. 10 Yr -4/32 Yield 0.610% ▼ Euro 1.0840 0.17% ▼

THE WALL STREET JOURNAL

## Why Software Is Eating The World

By Marc Andreessen  
August 20, 2011

SAVE SHARE TEXT

This week, Hewlett-Packard (where I am on the board) announced that it is exploring jettisoning its struggling PC business in favor of investing more heavily in software, where it sees better potential for growth. Meanwhile, Google plans to buy up the cellphone handset maker Motorola Mobility. Both moves surprised the tech world. But both moves are also in line with a trend I've observed, one that makes me optimistic about the future growth of the American and world economies, despite the recent turmoil in the stock market.

  
Groupon Investor Marc Andreessen: 'No Tech Bubble'

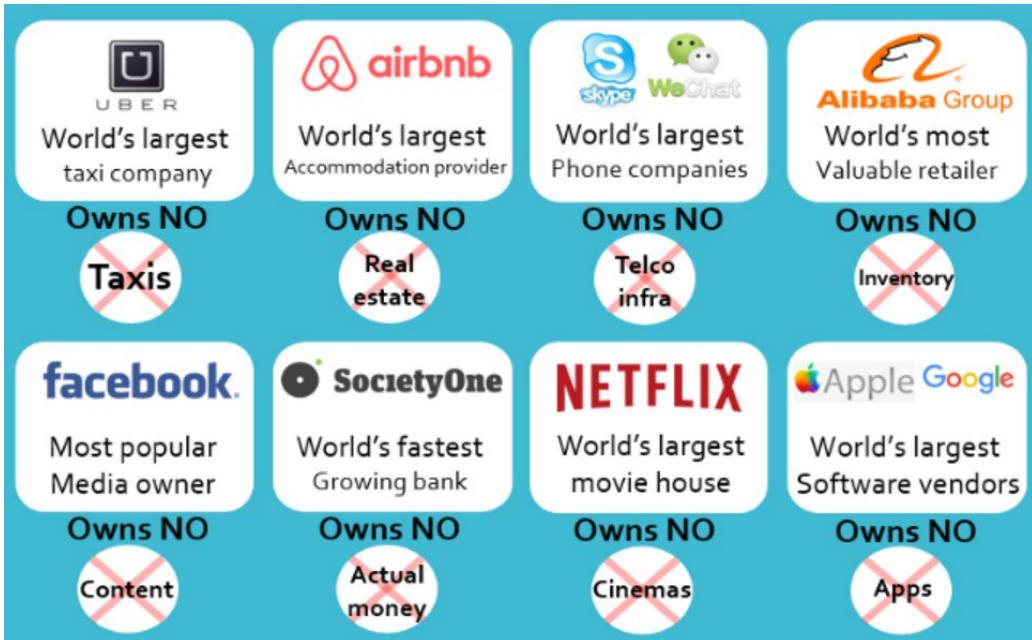
In an interview with WSJ's Kevin Delaney, Groupon and LinkedIn investor Marc Andreessen insists that the recent popularity of tech companies does not constitute a bubble. He also stressed that both Apple and Google are undervalued and that "the market doesn't like tech."

In short, software is eating the world.

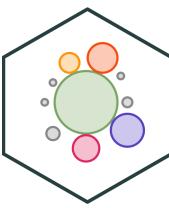
More than 10 years after the peak of the 1990s dot-com bubble, a dozen or so new Internet companies like Facebook and Twitter are sparking controversy in Silicon Valley, due to their rapidly growing private market valuations, and even the occasional successful IPO. With scars from the heyday of Webvan and Pets.com still fresh in the investor psyche, people are asking, "Isn't this just a dangerous new bubble?"

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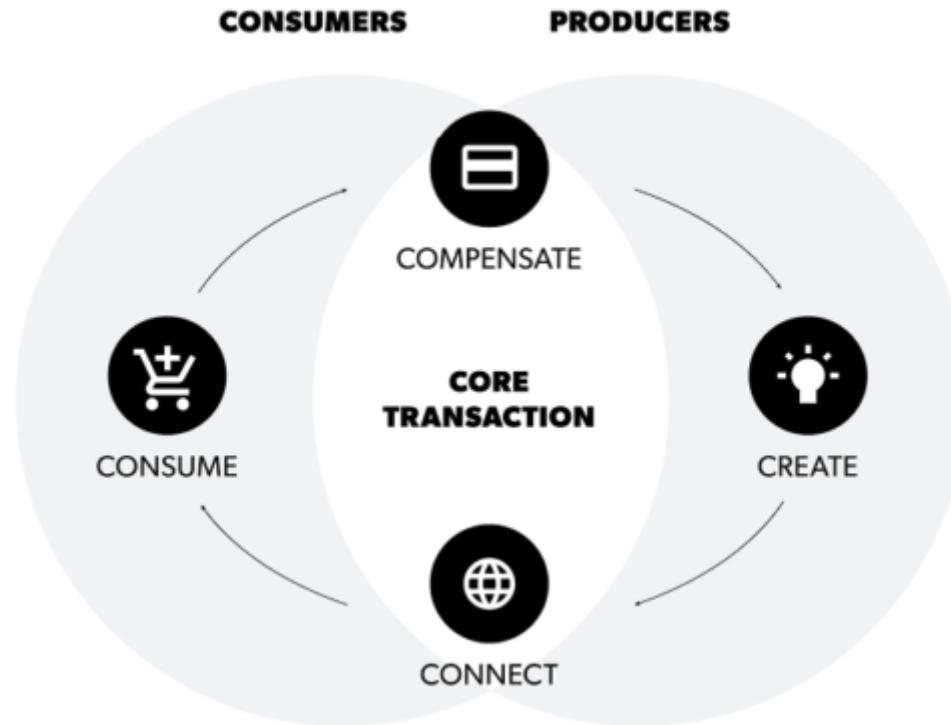
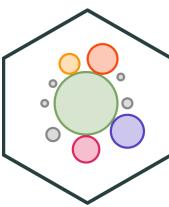
# Non-Platform Business Models



Platform		Many make, many sell
Software Company		Make one, sell many
Service Provider		Hire one, sell one
Product Company		Make one, sell one

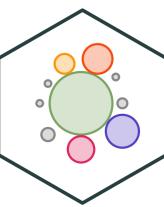
- **Linear business model:** serve one segment of the market
  - direct to consumers or business (next-stage of supply chain)
- Owns one side of the transaction
- Products have an inherent value
- Compete in one dimension: on cost via economies of scale

# Platform Business Model



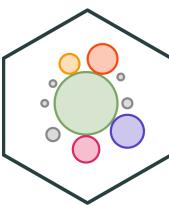
- **Platform business model:** facilitate transactions between multiple groups
  - “be the market”
- Owns infrastructure that adds value to *both sides of the transaction*

# Platform Business Model

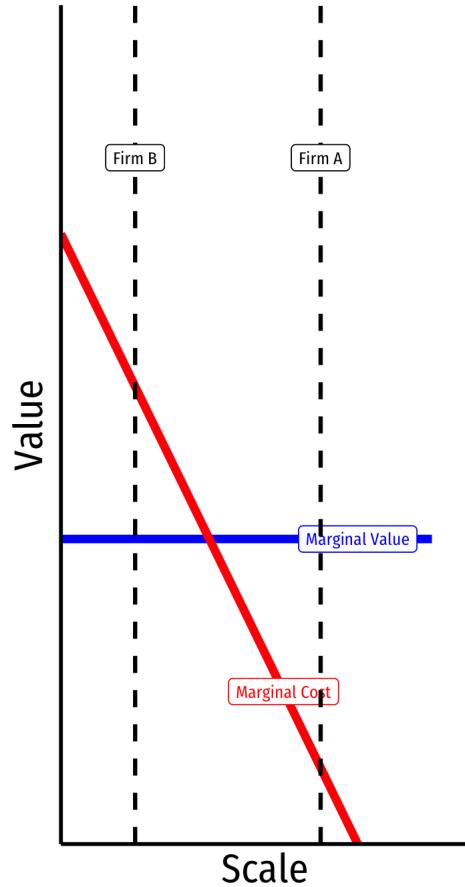


- Compete in multiple dimensions:
  - on cost via economies of scale (high entry barriers)
  - on customers via network effect
  - may also provide features to either/both groups

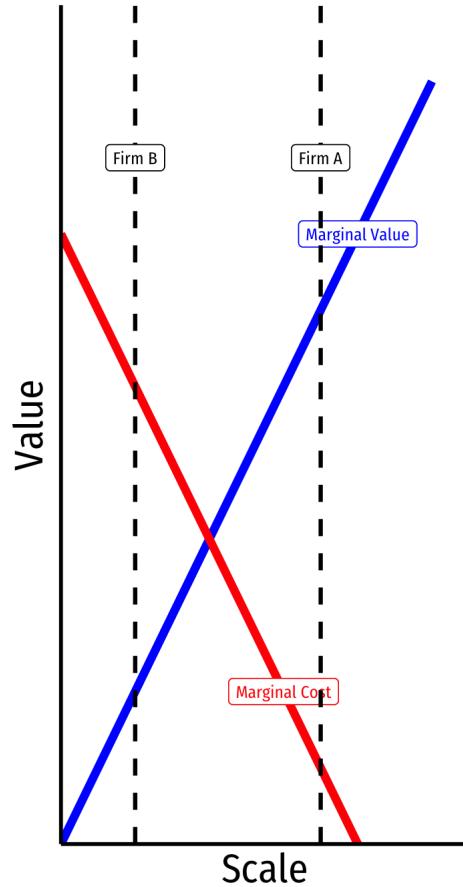
# Platform Business Model



Linear Business

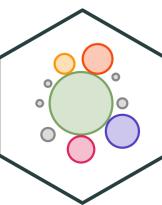


Platform Business



- Competition between platforms is often **"winner-take-all"**
- Large initial costs and low initial value
- Increasing value due to network effect
- High barriers to entry to compete with existing platform
  - trust, history, reputation, volume, size of network

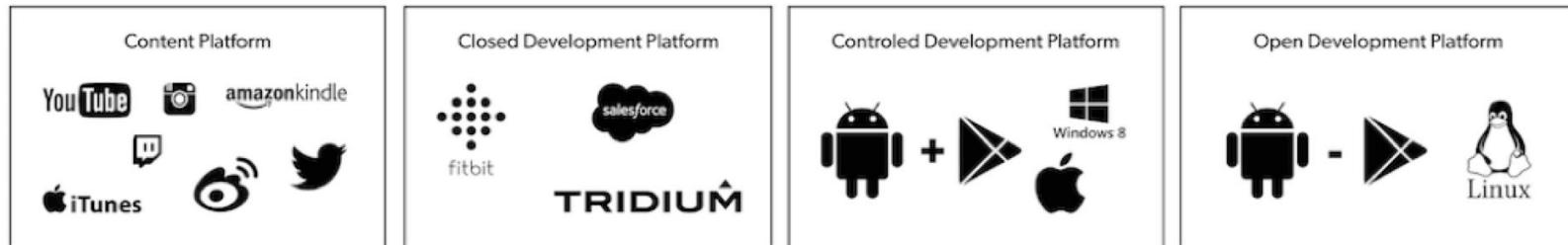
# Platform Examples



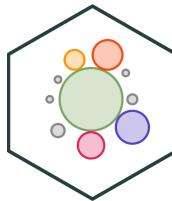
## EXCHANGE PLATFORM



## MAKER PLATFORM



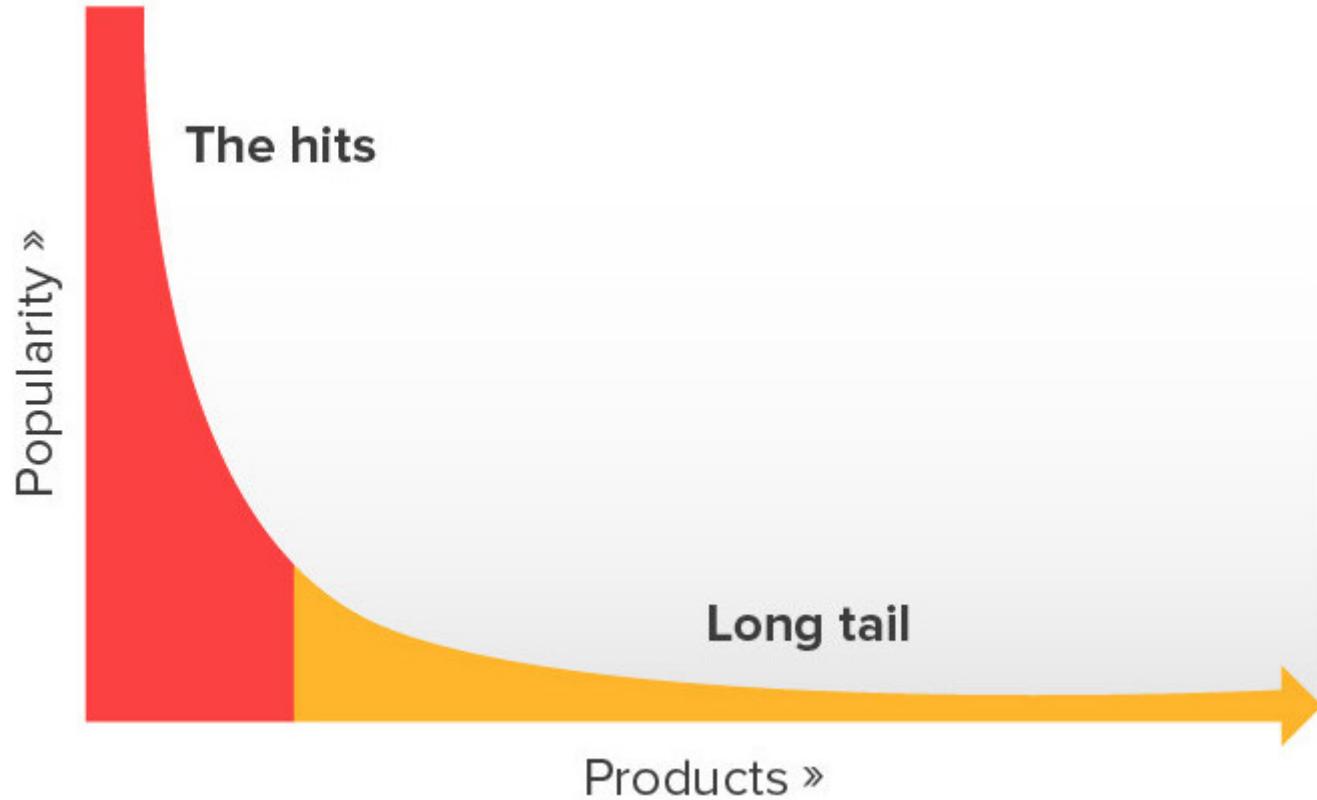
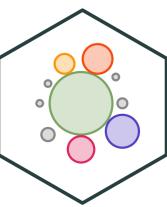
# Matchmaking



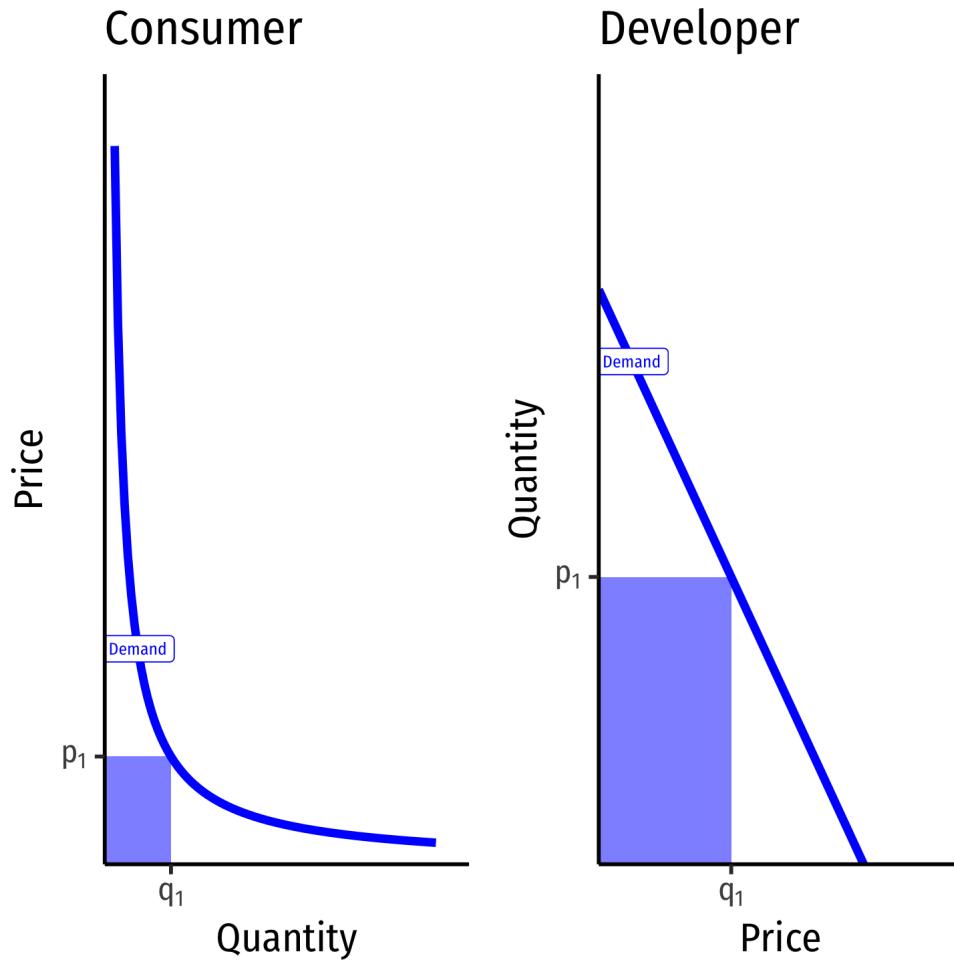
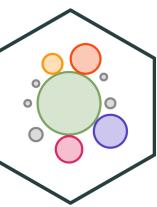
## Connecting producers and consumers

Sell	Product	Buy			
Deliver	Service	Use			
Share	Information	Apply			
Create	Content	Consume			
Write	Reviews	Read			
Make	Apps	Use			
Create	Designs	Use			
Pay	Money	Receive			
Lend	Capital	Borrow			
Create - Intellectual property - Use					

# The Long Tail of Transactions

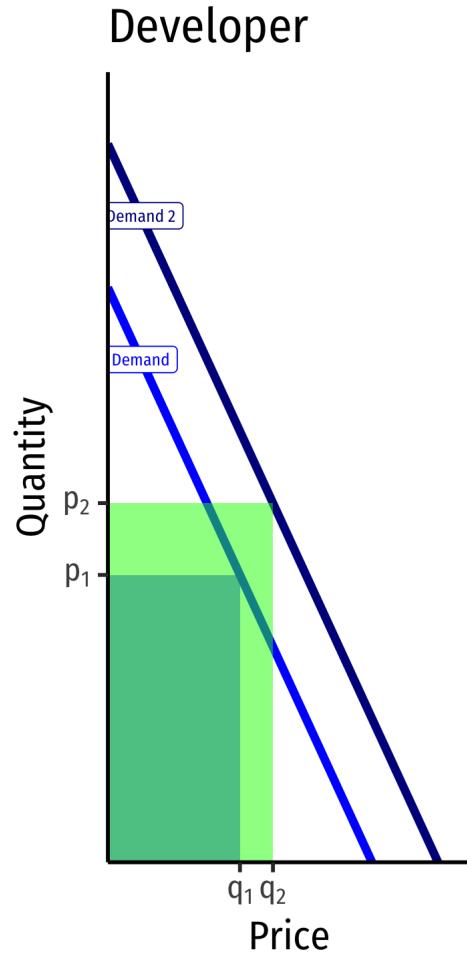
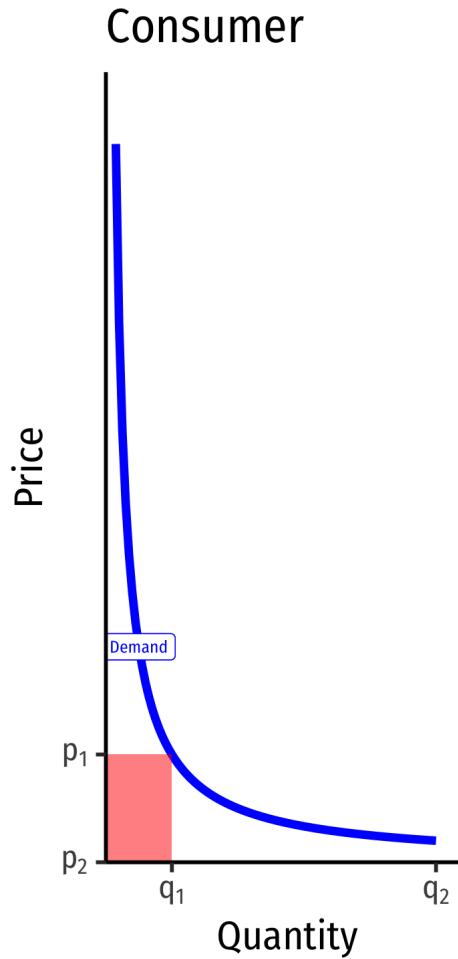
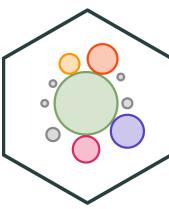


# Pricing for Platforms



- Traditional business pricing model: price each market to maximize revenue

# Pricing for Platforms



- Traditional business pricing model: price each market to maximize revenue
- Platform business: so long as **revenue lost** from Consumers < **revenue gained** from Developers: cross-subsidize
  - Lower price on Consumers (even to 0) to boost demand
  - Increases demand for Developers, raise price on them
- Standard "champion" forecasting future value: subsidize early adopters!

# The "Subsidy Side" and the "Money Side"

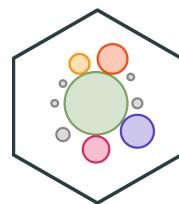
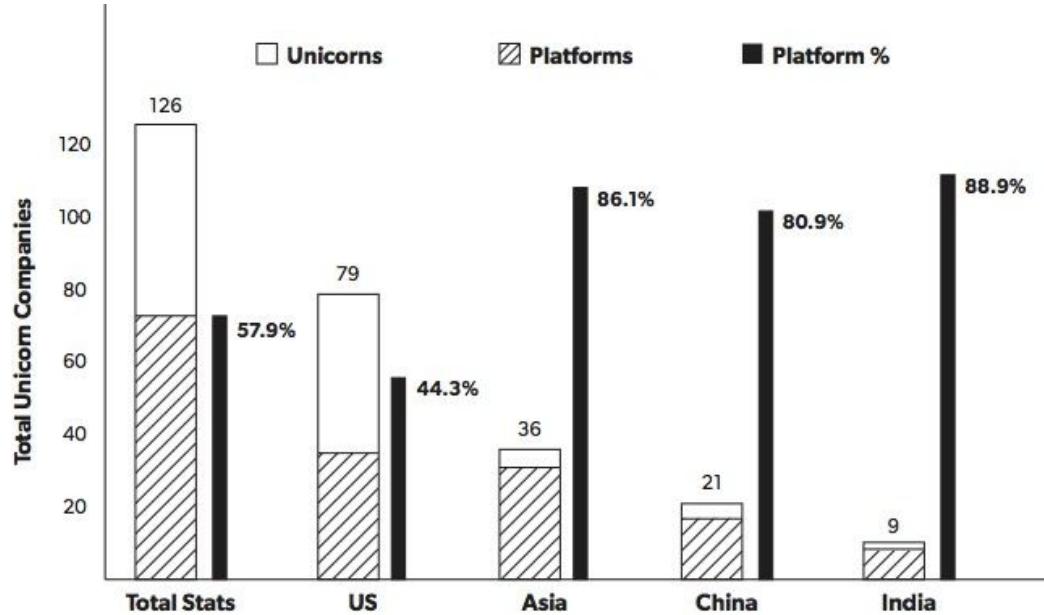
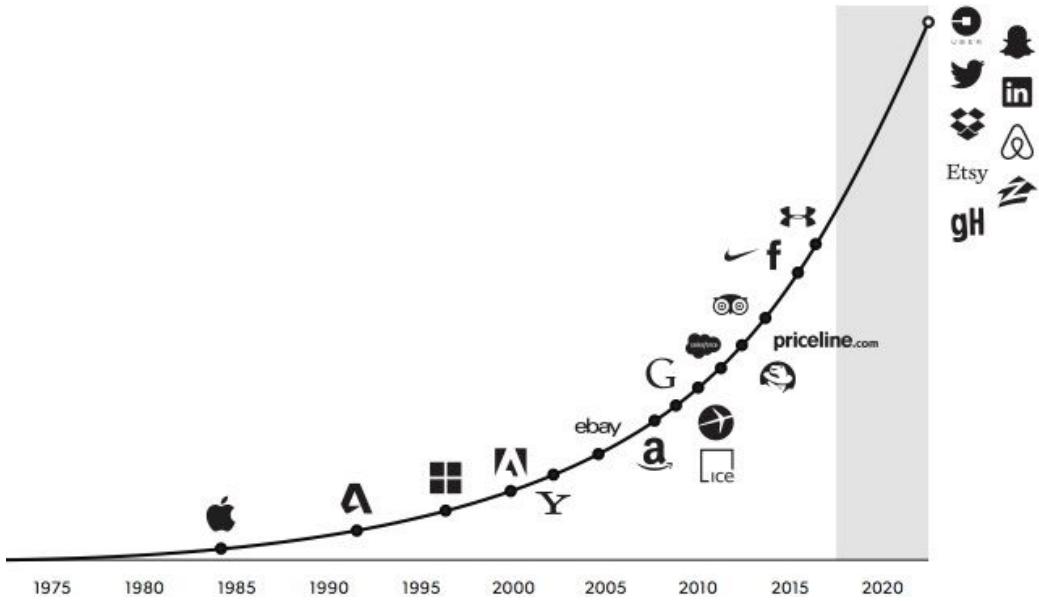
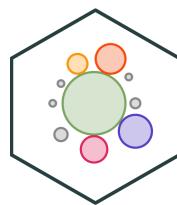


TABLE 2-1

## Money and subsidy sides for common multisided platform industries

Multisided platform	Money side	Subsidy side	Typical price on subsidy side
Video game consoles	Game publishers pay royalties.	Consumers pay marginal cost or less for console.	Below cost
PC operating systems	Computer users pay directly or indirectly through computer maker.	Developers do not pay access fees for operating system APIs and only pay a nominal amount for a software development kit.	Free
Physical newspapers	Advertisers pay.	Readers usually pay less than the marginal cost of printing and distribution and sometimes pay nothing.	Below cost
US broadcast TV	Advertisers pay.	Consumers do not pay.	Free
Credit cards	Merchants pay for transactions.	Consumers do not pay for transactions and sometimes get rewards.	Negative
Enclosed shopping malls	Retail stores pay.	Shoppers do not pay, get free parking at suburban malls, and often get free entertainment.	Free to negative
US real estate brokers	Sellers pay commission.	Buyers do not pay.	Free
Equity exchanges	Liquidity takers pay commission.	Liquidity providers often receive subsidies.	Negative
Online marketplaces	Sellers often pay commission.	Buyers usually do not pay.	Free
Job recruiters and online job boards	Employers pay for postings or recruitment.	Job seekers do not pay.	Free
Yellow pages	Businesses pay for listings.	Consumers do not pay.	Free
Search engines	Businesses pay for advertisements.	Searchers do not pay.	Free
			Below cost or free

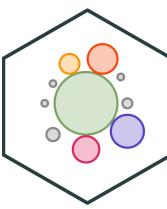
# Rise of Platforms in S&P 500





# Hipster Antitrust

# Hipster Antitrust

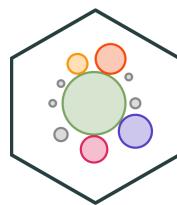


Lina Khan

1989-

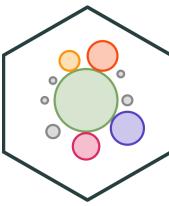
- "Amazon's Antitrust Paradox" *Yale Law Journal* 126(3)
- Response to Bork's *Antitrust Paradox* and the dominant "consumer welfare standard"
  - Antitrust should only be about consumer welfare, not small-business protectionism
  - Focus only on classic market power behavior: high price, low output, low quality
- Amazon (and other platforms) have fiercely low prices and provides enormous consumer surplus

# Hipster Antitrust & Big Tech



- Most dominant tech companies are platforms with large market share
- But consider consumer welfare standard and focus on price
- These platforms offer very low prices (often \$0!), high quantity, high quality, and ample choice to consumers
  - Consumers are often "paying" in their data, sold to advertisers
- What about the producers' (advertisers, sellers, etc) side of the market?

# Louis Brandeis



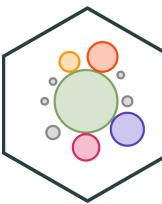
“We may have democracy, or we may have wealth concentrated in the hands of a few, but we can't have both.”

Louis Brandeis

1856-1941

Associate U.S. Supreme Court

# Louis Brandeis



Louis Brandeis

1856-1941

Associate U.S. Supreme Court

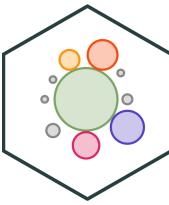
“[The question is,] shall we have regulated competition or regulated monopoly?”

“We learned long ago that liberty could be preserved only by limiting in some way the freedom of action of individuals; that otherwise liberty would necessarily lead to absolutism and in the same way we have learned that unless there be regulation of competition, its excesses will lead to the destruction of competition, and monopoly will take its place.”

“There are no natural monopolies today in the industrial world. The Oil Trust and the Steel Trust have been referred to as natural monopolies, but they are both most unnatural. The Oil Trust acquired its control of the market by conduct...which enabled it to destroy its small competitors by price-cutting and similar practices. The Steel Trust acquired control not through greater efficiency, but by buying up existing plants and ore supplies at fabulous prices.”

Brandeis, Louis, 1934, *The Curse of Bigness*, *Miscellaneous Papers of Louis Brandeis*.

# "Amazon's Antitrust Paradox"

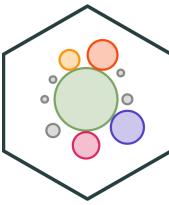


Lina Khan

1989-

"Amazon is the titan of twenty-first century commerce. In addition to being a retailer, it is now a marketing platform, a delivery and logistics network, a payment service, a credit lender, an auction house, a major book publisher, a producer of television and films, a fashion designer, a hardware manufacturer, and a leading host of cloud server space. Although Amazon has clocked staggering growth, it generates meager profits, choosing to price below-cost and expand widely instead. Through this strategy, the company has positioned itself at the center of e-commerce and now serves as essential infrastructure for a host of other businesses that depend upon it. Elements of the firm's structure and conduct pose anticompetitive concerns—yet it has escaped antitrust scrutiny," (p.710).

# "Amazon's Antitrust Paradox"



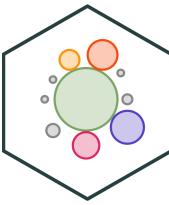
Lina Khan

1989-

"This Note argues that the current framework in antitrust—specifically its pegging competition to 'consumer welfare,' defined as short-term price effects—is unequipped to capture the architecture of market power in the modern economy. We cannot cognize the potential harms to competition posed by Amazon's dominance if we measure competition primarily through price and output. Specifically, current doctrine underappreciates the risk of predatory pricing and how integration across distinct business lines may prove anticompetitive," (p.710).

Khan, Lina, 2017, "Amazon's Antitrust Paradox," *Yale Law Journal* 126(3):710-805

# "Amazon's Antitrust Paradox"



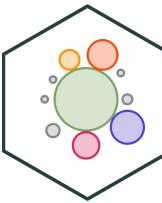
Lina Khan

1989-

"These concerns are heightened in the context of online platforms for two reasons. First, the economics of platform markets create incentives for a company to pursue growth over profits, a strategy that investors have rewarded. Under these conditions, predatory pricing becomes highly rational—even as existing doctrine treats it as irrational and therefore implausible. Second, because online platforms serve as critical intermediaries, integrating across business lines positions these platforms to control the essential infrastructure on which their rivals depend. This dual role also enables a platform to exploit information collected on companies using its services to undermine them as competitors," (p.710).

Khan, Lina, 2017, "Amazon's Antitrust Paradox," *Yale Law Journal* 126(3):710-805

# "Amazon's Antitrust Paradox"

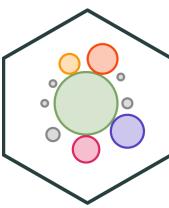


Lina Khan

1989-

"The dominant framework in antitrust today fails to recognize the risk that Amazon's dominance poses for discrimination and barriers to new entry. In part, this is because—as with the framework's view of predatory pricing—the primary harm that registers within the 'consumer welfare' frame is higher consumer prices. On the Chicago School's account, Amazon's vertical integration would only be harmful if and when it chooses to use its dominance in delivery and retail to hike fees to consumers. Amazon has already raised Prime prices. But antitrust enforcers should be equally concerned about the fact that Amazon increasingly controls the infrastructure of online commerce—and the ways in which it is harnessing this dominance to expand and advantage its new business ventures," (p.780).

# "Amazon's Antitrust Paradox"



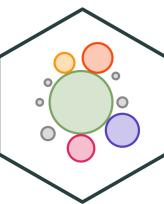
"The conflicts of interest that arise from Amazon both competing with merchants and delivering their wares pose a hazard to competition, particularly in light of Amazon's entrenched position as an online platform. Amazon's conflicts of interest tarnish the neutrality of the competitive process. The thousands of retailers and independent businesses that must ride Amazon's rails to reach market are increasingly dependent on their biggest competitor," (p.780).

Khan, Lina, 2017, "Amazon's Antitrust Paradox," *Yale Law Journal* 126(3):710-805

Lina Khan

1989-

# Amazon Exerting Market Power on its Platform?



amazon.com

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Eligible for Free Shipping ✓ Free Shipping by Amazon All customers get FREE Shipping on orders over \$25 shipped by Amazon

Local Stores ✓ Amazon Fresh

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Select your address

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There when you need us

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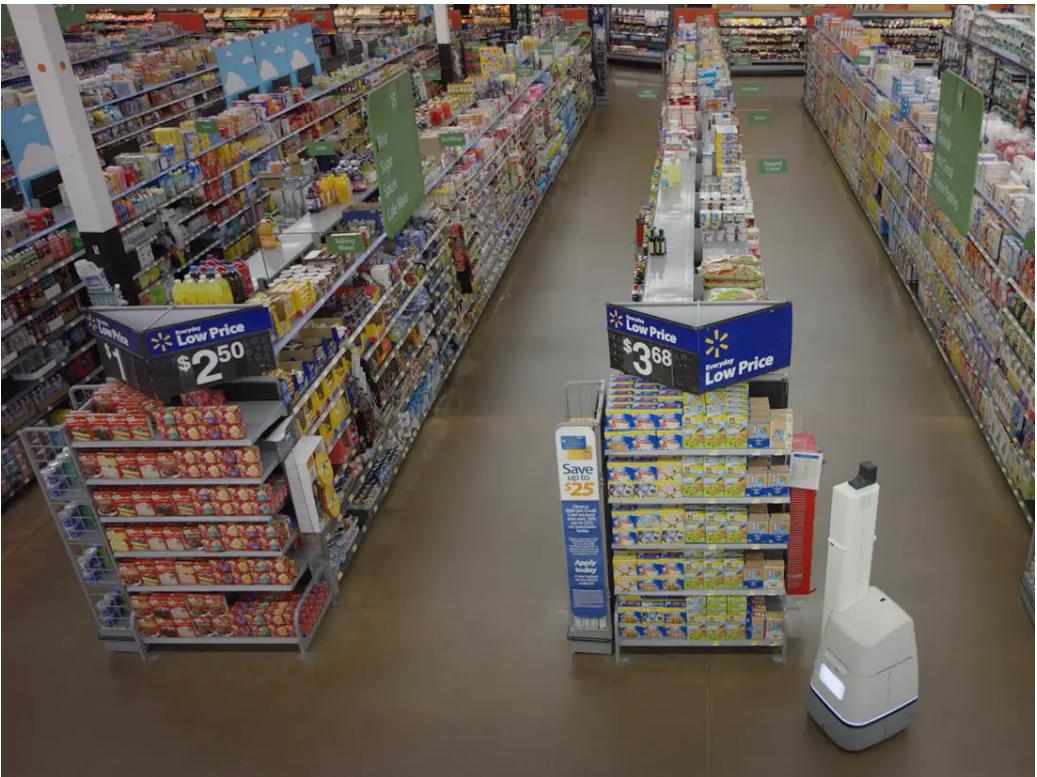
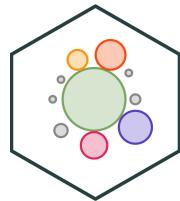
Pets

Charging Cables

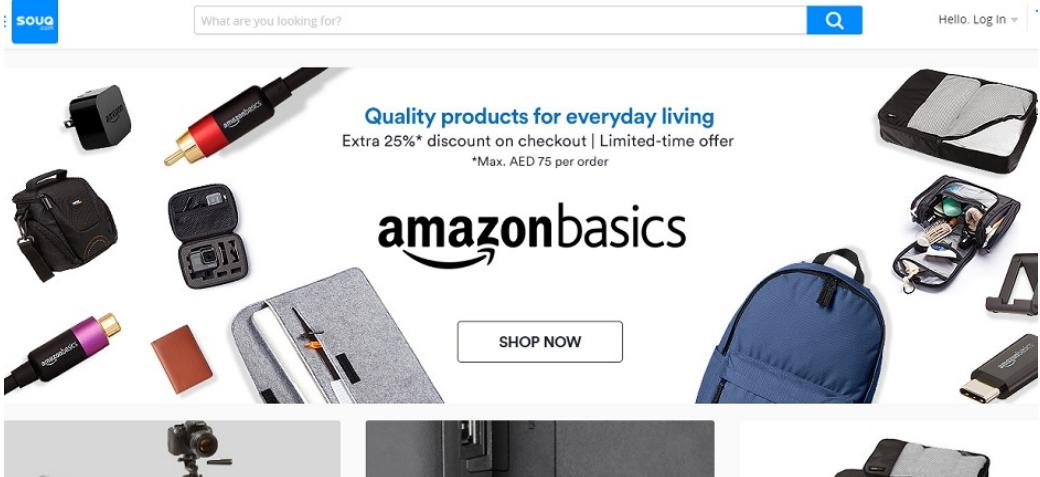
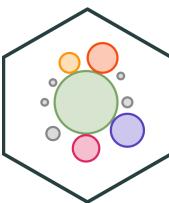
Home Gym

[https://www.amazon.com/stores/page/A219D499-C09C-4DBB-BC5F-B8BACF1E8991?ingress=2&visitId=ed00790a-7cad-43b2-9c8b-987879f14a54&ref\\_=nav\\_cs\\_amazonbasics](https://www.amazon.com/stores/page/A219D499-C09C-4DBB-BC5F-B8BACF1E8991?ingress=2&visitId=ed00790a-7cad-43b2-9c8b-987879f14a54&ref_=nav_cs_amazonbasics)

# What's The Difference?

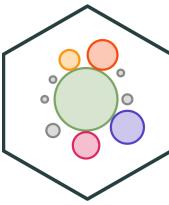


# Amazon: Possible Solutions



- Investigate Amazon's business practices
- Break apart Amazon's brand (Amazonbasics) from Amazon's marketplace platform
- Is Amazon subsidizing its brand from AWS revenues?

# "Amazon's Antitrust Paradox"



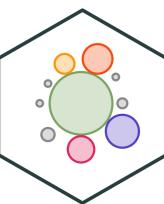
"[I consider] two potential regimes for addressing Amazon's power: restoring traditional antitrust and competition policy principles or applying common carrier obligations and duties," (p.710).

Khan, Lina, 2017, "Amazon's Antitrust Paradox," *Yale Law Journal* 126(3):710-805

Lina Khan

1989-

# Search Engines



Google Used Cars Bristol

Web Maps Shopping News Videos More ▾ Search tools

About 19,000,000 results (0.53 seconds)

**Used Cars Special Offer - hartwell.co.uk**  
Ad www.hartwell.co.uk/Very-Best-Used-Cars ▾  
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Over 1500 Models In Stock · Nationwide Dealerships · Hartwell Price Promise

**Used Cars In Bristol - BristolStreet.co.uk**  
Ad www.bristolstreet.co.uk/Used ▾  
Free Nationwide Delivery On All Used Cars! Enquire Online Today

**Berkeley Vale Motors - hyundai.co.uk**  
Ad www.hyundai.co.uk/berkeley-vale-bristol ▾  
Visit your local Hyundai car dealer for great second hand car offers  
Ratings: Value 9/10 - Reliability 9/10 - Purchase experience 9/10

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4.8 ★★★★☆ rating for carshop.co.uk  
0333 331 5325  
Find 1000s of Used Cars at CarShop.  
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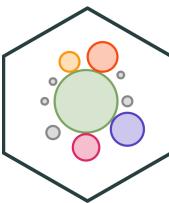
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The new name for Toyota in Bristol

**Used Car Dealers in Bristol uk**  
www.motors.co.uk/UsedCars ▾  
3.7 ★★★★☆ rating for motors.co.uk  
Motors.co.uk - The Leading Used Car Site. Browse Over 300,000 Cars Now!

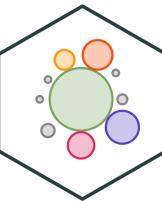
- Consumers don't pay to search Google - enormous consumer welfare
  - Google collects a lot of tracking information & data for advertisers
- Google holds auctions to marketers to place advertisements on its results
- Could Google be using its dominant market position to raise ad prices?

# App Stores



- Google and Apple app stores are dominant platforms
  - Apple & Google do not charge the consumer anything for using the stores
  - App developers set prices to consumers, Google & Apple take percentage of developers' sales
- "**Walled gardens**" where users are locked-into Android or Apple ecosystem

# App Stores



The screenshot shows a news article from CNBC.com. The headline reads "Supreme Court deals Apple major setback in App Store antitrust case". Below the headline, it says "PUBLISHED MON, MAY 13 2019 10:07 AM EDT | UPDATED MON, MAY 13 2019 4:40 PM EDT". The author is Tucker Higgins (@TUCKER-HIGGINS). There are social sharing options for Facebook, Twitter, LinkedIn, and Email. A sidebar titled "KEY POINTS" lists the following:

- The Supreme Court, ruling 5-4, allows iPhone users to pursue their antitrust lawsuit against Apple in a case involving its signature electronic marketplace, the App Store.
- Justice Brett Kavanaugh wrote the majority opinion, which was joined by the court's liberal justices.
- The iPhone users argued that Apple's 30% commission on sales through the App Store was passed along to consumers, an unfair use of monopoly power. Apple argued that only app developers, and not users, should be able to bring such a lawsuit.

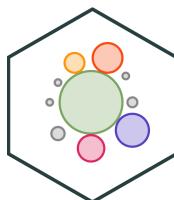
Below the text, there is a video thumbnail with the title "VIDEO 01:15 Supreme Court allows Apple App Store lawsuit to continue" and a small image of an iPhone screen showing the App Store logo. To the right of the text, there is a grid of colorful bandanas with various designs and labels like "USA A-11" and "USA A-10". At the bottom, there is a "TRENDING NOW" section with a small image of a protest sign and the text "Sweden resisted a".

"The iPhone users argued that Apple's 30% commission on sales through the App Store is an unfair use of monopoly power that results in inflated prices passed on to consumers.

Apple argued that only app developers, and not users, should be able to bring such a lawsuit. But the Supreme Court, in an opinion authored by Kavanaugh, rejected that claim."

# Mergers: Is Facebook Buying Up its Potential

## Competitors?



**Facebook Buys Instagram For \$1 Billion, Turns Budding Rival Into Its Standalone Photo App**

Contributor 1:06 pm EDT • April 9, 2012

**Disrupt SF 2020 Exhibit at Disrupt virtually with Digital Startup Alley**

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facebook

Facebook has just finished a deal to acquire mobile photo sharing app Instagram for approximately \$1 billion in cash and stock. Instagram will remain an independently branded standalone app that's separate from Facebook, but the services will increase their ties to each other. The transaction should go through this

Read our latest COVID-19 coverage, and find out more about our events strategy.

**Facebook Feared WhatsApp Threat Ahead of 2014 Purchase, Documents Show**

Internal emails could serve as fodder for regulators studying social network's business practices



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April 22, 2020 at 1 p.m. EDT

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In emails, Facebook executives repeatedly called messaging apps including WhatsApp a threat to Facebook and its own chat app, Facebook Messenger. PHOTO: PHIL NOBLE/REUTERS

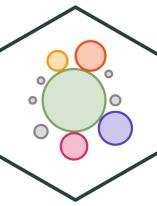
By Sam Schechner and Parmy Olson  
Updated Nov. 6, 2019 6:37 pm ET

SAVE PRINT TEXT

In the months before acquiring WhatsApp in 2014, Facebook Inc. executives described the messaging service and others like it as a threat to the company's core business, offering potential evidence to regulators in the U.S. and Europe that are pursuing antitrust probes into the social-networking company.

In a trove of internal Facebook documents published Wednesday,

# Is New Antitrust Action Necessary?



The Hill: "Antitrust should be used to break up partisan tech giants like Facebook, Google"

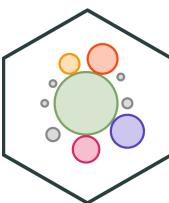
Washington Examiner: "Consumer doom: Both parties are pushing antitrust rules as a 2020 issue"

Wall Street Journal: "The Antitrust Case Against Facebook, Google and Amazon"

Washington Post: "Justice Department Is Preparing Antitrust Investigation of Google"

New York Times: "Is It Time to Break Up Google?"

# Is New Antitrust *Thinking* Necessary?



The Mercatus Center at George Mason University's website features a section titled "The Bridge / SMART POLICY FOR A GROWING WORLD". It includes a photograph of a city street with a "CHICOS" sign and a person walking. Below the photo is a headline: "What Is 'Hipster Antitrust?'". The article discusses why the newest antitrust thinking isn't what it seems. It is written by Andrea O'Sullivan, a Feature Writer, on October 18, 2018.

ABA (American Bar Association) website's Young Lawyers section has an article titled "Hipster Antitrust: A Brief Primer". The article explores the concept of "Hipster Antitrust" and its implications. It quotes Lina Khan, an Amazon antitrust antagonist, who has proposed a breakthrough idea. The article is part of the ABA Groups / Young Lawyers Division / Publications / TYL / Antitrust Law series.

The New York Times website features an article by Lina Khan titled "Amazon's Antitrust Antagonist Has a Breakthrough Idea". The article highlights her scholarly work that reframed decades of monopoly law. It includes a photograph of Lina Khan holding several books in a library setting.

# Well, It's Now *in Power*, Sort Of



BREAKINGVIEWS CORONAVIRUS MARCH 10, 2021 / 7:24 PM / UPDATED 2 YEARS AGO

## Breakdown: Antitrust's hipsters go mainstream

By Gina Chon 6 MIN READ [f](#) [t](#)

WASHINGTON (Reuters Breakingviews) - This hipster is going mainstream – at least, in the usually un-hip world of competition regulation. Advocates of a broader definition of antitrust, factoring in issues like data usage and inequality, are on the ascent in Washington. If they get their way, big technology firms will suffer. First, the progressive thinkers will have to contend with some antitrust squares in high places.



reason

ANTITRUST

## The Courts Are Rejecting Biden's Antitrust Crusade

The Biden administration's antitrust efforts are being shut down by judges, except for a single successful case where best-selling authors were involved.

PETER SUDERMAN | FROM THE FEBRUARY 2023 ISSUE

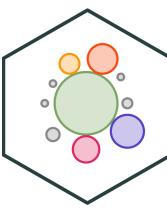
[f](#) [t](#) [o](#) [e](#) [p](#) [s](#)



(Photo: tengyart/Unsplash)

In summer 2021, President Joe Biden issued an [executive order](#) on "Promoting Competition in the American Economy." A White House fact sheet declared that the economy was "booming under President Biden's leadership," saying the order was "building on this economic momentum" by pushing back against corporate consolidation, primarily through aggressive antitrust enforcement.

# Some Concluding Thoughts



But which are "good" and which are "bad"?

- What is important in antitrust law?
  - Protecting consumers? Protecting (some) businesses?
  - Maximizing *total* economic surplus (Consumer surplus + producer surplus)?
- What does market power look like/do?
  - High prices, low output, low quality, few choice?

# Some Concluding Thoughts

