

Europe VS Google: high fines, meagre results

Notes & Cues:**Article:**

On July 18th the European Commission hit Google with a record fine of €4.3bn (\$5bn) for entrenching its dominance in internet search by illegally tying together this service and other mobile apps with Android, the firm's mobile operating system.

The size of the fines hides an inconvenient truth, however. The commission deserves credit for scrutinising the behaviour of dominant online firms—its activism stands in pointed contrast to supine American authorities. However, none of its antitrust actions in recent years has done much to strengthen competition.

Depressingly, this outcome may suit everyone. High fines win the commission glowing headlines. Google, for its part, protests loudly but treats the penalty as a cost of doing business. This week's fine amounts to only 5% of Google's current net cash balance. Nothing really changes.

If that sounds cynical, look at the Android case more closely. Google requires smartphone-makers and mobile operators to sign strict agreements if they want to use any of its apps.

Unsurprisingly, Google argues that these restrictions are for the good of consumers. They ensure, for instance, that people always have a familiar set of apps on their home screen and that Android does not splinter into incompatible versions. Yet what Google calls "fragmentation" is actually competition, and the commission is right to find Google guilty.

Yet its remedies fall short. Europe is a less friendly environment than America for the tech giants. But it has not so far achieved much more in terms of promoting competition than the regulators across the Atlantic. That is a disappointment as big as any fine.

Summary: